

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 5

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: Moon Canyon Unit

LEASE NUMBER: _____

RECEIVED
JUL 18 2008
DIV. OF OIL, GAS & MINING

and hereby designates

NAME: William "Bill" Ryan & Ginger Bowden

ADDRESS: 290 South 800 East

city Vernal state UT zip 84078

as his (check one) agent ☒ / operator ☐, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

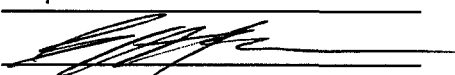
API: 4301931398 Moon Canyon #1
API: 4301931405 Moon Canyon #2
API: 4301931526 Tenmile Canyon #22-1
API: V Canyon 20-2

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: July 8, 2008

BY: (Name) Stephen Hosmer
(Signature) 
(Title) CFO/Executive Vice President
(Phone) (619) 881-2800

OF: (Company) Royale Energy, Inc
(Address) 7676 Hazard Center Dr, Suite 1500
city San Diego
state CA zip 92108

**PARADIGM CONSULTING, INC
PO BOX 790203
VERNAL, UT 84079
435-789-4162**

September 2, 2008

**Utah Division of Oil, Gas & Mining
549 West North Temple, Suite 1200
Salt Lake City, UT 84114**

**RE: Royale Energy, INC
V Canyon 20-2
UTU-78023**

Dear Ms. Mason,

As per our conversation, please find the replacement APD (attached) for the subject location. The operator is requesting the same API number to avoid confusion. At the onsite, the location was moved to the existing V Canyon 20-1 well location. The bottom hole will remain the same.

If you should have any further questions, please feel free to contact me at the above address or via e-mail at ginger_stringham@yahoo.com.

Best regards,



Ginger Bowden, Agent

RECEIVED

SEP 04 2008

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-78023
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Royale Energy, INC		7. If Unit or CA Agreement, Name and No. UTU-80642X
3a. Address 7676 Hazard Center, Suite 1500 San Diego, CA 92108	3b. Phone No. (include area code) 619-881-2874	8. Lease Name and Well No. V Canyon 20-2
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 510' FNL & 2187' FWL NENW At proposed prod. zone 606' FNL & 672 FWL NWNW		9. API Well No. 43-047-40349
14. Distance in miles and direction from nearest town or post office* 109.0 miles south of Vernal, UT		10. Field and Pool, or Exploratory Wildcat
15. Distance from proposed* 510' location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 1,040.230	11. Sec., T. R. M. or Blk. and Survey or Area Sec. 20, T. 15S, R. 21E SLB&M
18. Distance from proposed location* 1,500' (TD) to nearest well, drilling, completed, 15' Surface applied for, on this lease, ft.	19. Proposed Depth 11,700'	12. County or Parish Uintah
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7244' Ungraded Ground	22. Approximate date work will start* 09/15/2008	13. State UT
17. Spacing Unit dedicated to this well 40 acres		
20. BLM/BIA Bond No. on file UTB-000026		
23. Estimated duration 45 Days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Ginger Bowden</i>	Name (Printed/Typed) Ginger Bowden	Date 08/28/2008
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Title
Agent for Royale Energy, INC

Approved by (Signature)

Title

Name (Printed/Typed)

Office

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 9-15-08
BY: *[Signature]*

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lands which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Surf

621107x

43734874

39.504365

-109.591409

BHL

620646x

43734484

39.504079

709.596781

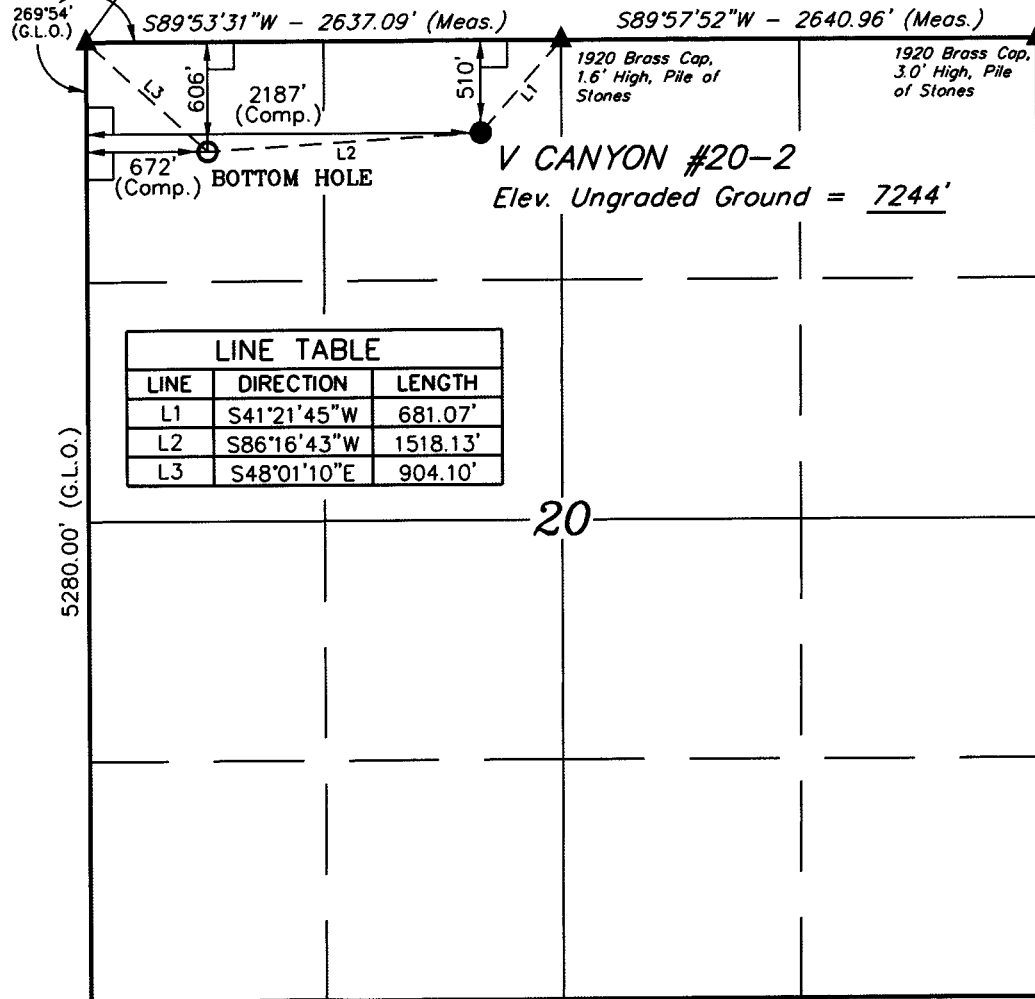
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SEP 04 2008

DIV. OF OIL, GAS & MINING

1920 Brass Cap,
1.0' High, Pile of
Stones

T15S, R21E, S.L.B.&M.



S89°52'W - 5266.80' (G.L.O.)

BASIS OF BEARINGS

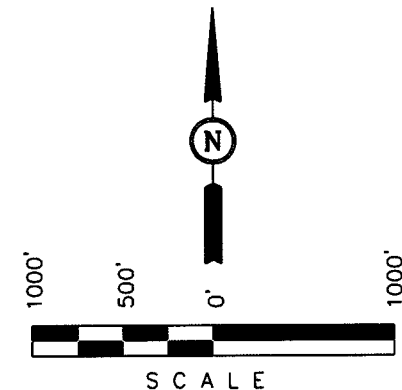
BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

ROYALE ENERGY, INC.

Well location, V CANYON #20-2, located as shown in the NE 1/4 NW 1/4 of Section 20, T15S, R21E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

TRIANGULATION STATION WINTER LOCATED IN THE NW 1/4 OF SECTION 25, T15S, R21E, S.L.B.&M. TAKEN FROM THE WOLF POINT QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7462 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert L. Kay
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

REVISED: 09-09-08 C.H.

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 08-01-08	DATE DRAWN: 08-07-08
PARTY D.C. D.S. S.L.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE ROYALE ENERGY, INC.	

LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

NAD 83 (TARGET BOTTOM HOLE)	NAD 83 (SURFACE LOCATION)
LATITUDE = 39°30'14.65" (39.504069)	LATITUDE = 39°30'15.64" (39.504344)
LONGITUDE = 109°35'51.11" (109.597531)	LONGITUDE = 109°35'31.78" (109.592161)
NAD 27 (TARGET BOTTOM HOLE)	NAD 27 (SURFACE LOCATION)
LATITUDE = 39°30'14.78" (39.504106)	LATITUDE = 39°30'15.77" (39.504381)
LONGITUDE = 109°35'48.64" (109.596844)	LONGITUDE = 109°35'29.31" (109.591475)

**PARADIGM CONSULTING, INC
PO BOX 790203
VERNAL, UT 84079
435-789-4162**

**Utah Division of Oil, Gas and Mining
PO BOX 14581
Salt Lake City, UT84114-5801**

**RE: Directional Drilling R649-3-11
Royale Energy, INC
V Canyon 20-2
Surface Location: 510' FNL & 2,187' FWL Section 20, T15S, R21E NENW
BH Location: 606' FNL & 672' FWL Section 20, T15S, R21E NWNW
UTU-78023**

Dear Ms. Mason,

Pursuant to the filing of Royal Energy's Application for Permit to Drill of the above described well, Royal Energy is submitting this letter in accordance with Rule R649-3-11.

- **The V Canyon 20-2 is within the Moon Canyon Unit Area**
- **This well is being drilled directionally due to topographic restraints and to allow for a lesser environmental footprint.**
- **Royal Energy, INC and National Fuel Corporation are the only interest owners within 460 feet of the entire directional well bore. National Fuel Corporation is a working interest partner with Royal in this well.**

Based on the above information, Royale requests that the directional permit be approved pursuant to R649-3-11.

If you should have any further questions, please feel free to contact me at 435-789-4162 regarding this letter.

Best regards,



**Ginger Bowden, Agent
Royale Energy, INC**

Royale Energy, Inc.

V Canyon 20-2

Ten Point Plan

Section 20, Township 15 South, Range 21 East,

NW ¼ NW ¼

1. **Surface Formation**
Green River

2. **Estimated Formation Tops and Datum:**

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Mancos	5,600'	5323'
Dakota Silt	10,100'	2015'
Entrada Sandstone	11,000	1155'
TD	11,700'	874'

All water and oil and gas bearing zones shall be protected by the casing and cement program.

3. **Producing Formation Depth:**

Formation objective includes the Dakota, Entrada and their sub-members.

Off Set Well information (Wells within a one-mile radius)

Abandon Wells: None

Producing Wells: Tumbleweed U Federal 14-17-15-21, V Canyon 20-1

Shut in Wells: None

4. **Proposed Casing:**

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling & Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
12 ¼	9 5/8	36#	K-55	ST&C	2,100'	NEW
8 3/4	7"	17#	N-80	LT&C	5,800'	NEW
7 7/8	4 ½	11.6#	P 110	LTC	11,700'	New

Cement Program:

The Surface Casing will be cemented to the Surface as follows:

Casing Size: 9 5/8
Cement Type: Class G Cement + 2% Calcium Chloride + 0.25/sk Cello Flake
Cement Amounts: 1200 sks +/-, excess 50%
Cement Yield: 1.17 ft³/sk
Cement Weight: 15.80 ppg

Note: Top out with sufficient cement to bring cement to surface.

Intermediate casing may be run. If hole conditions look favorable, the operator will attempt to drill from 5,800 ft. to T.D with 7 7/8 bit and not run the 7" csg. If, at anytime, the section of hole from 2,100 ft to 5,800 ft becomes unstable 7" csg will be run and cemented as follows.

Casing Size: 7"
Cement Type: 50/50 Poz + 0.25/sk Cello Flake
Cement Amounts: 660 sks +/-, excess 30%
Cement Yield: 1.26 ft³/sk
Cement Weight: 14.20 ppg

4 1/2 " Production casing will be cemented to 5,600' or 1,900' as follows:

If 7" csg is run, one stage tool will be run at approximately 9,000 ft. with the 4 1/2" csg. and cemented as follows:

Casing Size: 4 1/2"

Stage 1 (TD- 9000) Cement Type: 50/50 Poz + 0.25 lb/sk Cello Flake
Cement Amounts: 262 sks +/- , excess 30%
Cement Yield: 1.26 ft³/sk
Cement Weight: 14.2 ppg

Stage 2 (9,000-5,600') Cement Type: 50:50 Poz + 0.25 lb/sk Cello Flake
Cement Amounts: 322 sks +/-
Cement Yield: 1.26 ft³/sk
Cement Weight: 14.2 ppg

If 7" csg is not run, two stage tools will be run one at approximately 9,000 ft and one at approximately 6,000' with the 4 1/2".

Casing Size: 4 1/2"

Stage 1 (TD- 9000) Cement Type: 50:50 Poz + 0.25 lb/sk Cello Flake
Cement Amounts: 635 sks +/- , excess 30%
Cement Yield: 1.26 ft³/sk
Cement Weight: 14.2 ppg

Stage 2 (9,000-6000') Cement Type: 50:50 Poz + 0.25 lb/sk Cello Flake
Cement Amounts: 678 sks +/-
Cement Yield: 1.26 ft³/sk
Cement Weight: 14.2 ppg

Stage 3 (6,000-1900') Cement Type: 50:50 Poz + 0.25 lb/sk Cello Flake
Cement Amounts: 1301 sks +/-, excess 30%
Cement Yield: 1.26 ft³/sk
Cement Weight: 14.2 ppg

5. BOP and Pressure Containment Data:

A 3X11 5,000 psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing.

An upper kelly cock to the required pressure rating with a handle available shall be employed.

The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-2100'	Air	-----	No Control	water/native
2100-T.D.	8.8	30	10cc	mud water/gel

The following equipment will be in place and operational during air drilling:

- Properly lubricated and maintained rotating head
- Spark arresters on engines
- Deduster equipment: drilling with mist will suppress the dust. Water mist will be the dust buster.
- Float Valve above bit.

- Automatic igniter will be used. A variance is requested because we will be using mist at the end of the line.
- All cuttings and circulating medium will be directed into a reserve pit.
- Mud kill medium will be water in the reserve pit.
- A straight run blooie line will not be run. A variance will be necessary due to modification in the line to reduce pad size.
- The blooie line will not be 100 feet from the well bore. The blooie line has been modified to reduce pad size.
- All engines will be equipped with spark arresters.
- Compressors will be truck mounted. A variance will be required for the truck mounted compressors. The compressor sizes will be 900 cfm – 1350 cfm with boosters.

7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 ½" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: None are anticipated.
- c) Sampling: 30' from 2,100'-TD
- d) Logging:

Type	Interval
CNL/FDC w/XY calipers and DLL	2,100-5,800'
CNL/FDC w/XY calipers and DLL	5,800-11,700'

9. Abnormalities (including sour gas):

The operator proposes to drill the subject well from an existing pad. The existing well is the V Canyon 20-1 operated by Royale Energy Inc. The V Canyon 20-1 was drilled as a directional well. The surface location was 507' FNL and 2,157' FWL.

Please see the attached projected down hole track for the well.

Anticipated bottom hole pressure will be less than 4,100' psi. Pressure surveys from off set wells have shown the pressure gradient to be .35 in this area. No abnormal pressures, temperatures or other hazards are anticipated.

Other wells drilled in the area have not encountered over pressured zones or H₂S.

10. Drilling Schedule:

The anticipated starting date is 09/15/2008. (Upon receipt of Approved APD depending on rig availability.) Duration of operations is expected to be 45 days.

Drilling Plan Supplemental:

- a. The proposed casing and cementing programs shall be conducted as approved to protect and or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any other prospectively valuable deposits of minerals. An isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of the casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressure; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.**
- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).**
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data).**
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.**
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.**
- f. All casing except the conductor casing, shall be new or reconditioned and tested sued casing that meets or exceeds API standards for new casing.**
- g. The surface casing shall be cemented back to surface either during primary cement job or by remedial cementing.**
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.**
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.**
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other technique, such as a suitable pre-flush fluid, inner string method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.**

k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in the 30 minutes, corrective action shall be taken.

l. On all exploratory wells and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

m. Casing design is subject to revision based on geologic conditions encountered.

n. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC times shall be recorded in the drillers' log.

o. The BOP size for the subject location will be 5M.

p. A safety valve with subs to fit all connections will be on the rig floor.

q. Pressure Control Equipment:

Ram Type: 10" Hydraulic double annular, 5000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of the internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

1. when initially installed;
2. whenever any seal subject to test pressure is broken
3. following related repairs; and
4. at 30-day intervals

Valves shall be tested from working pressure side during BOPE test with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip; however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure test shall apply to all related well control equipment.

All of the above described tests and or drills shall be recoded in the drilling log.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preveter controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recoded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The choke and kill line will be properly installed. The kill line is not to be used as a fill-up line.

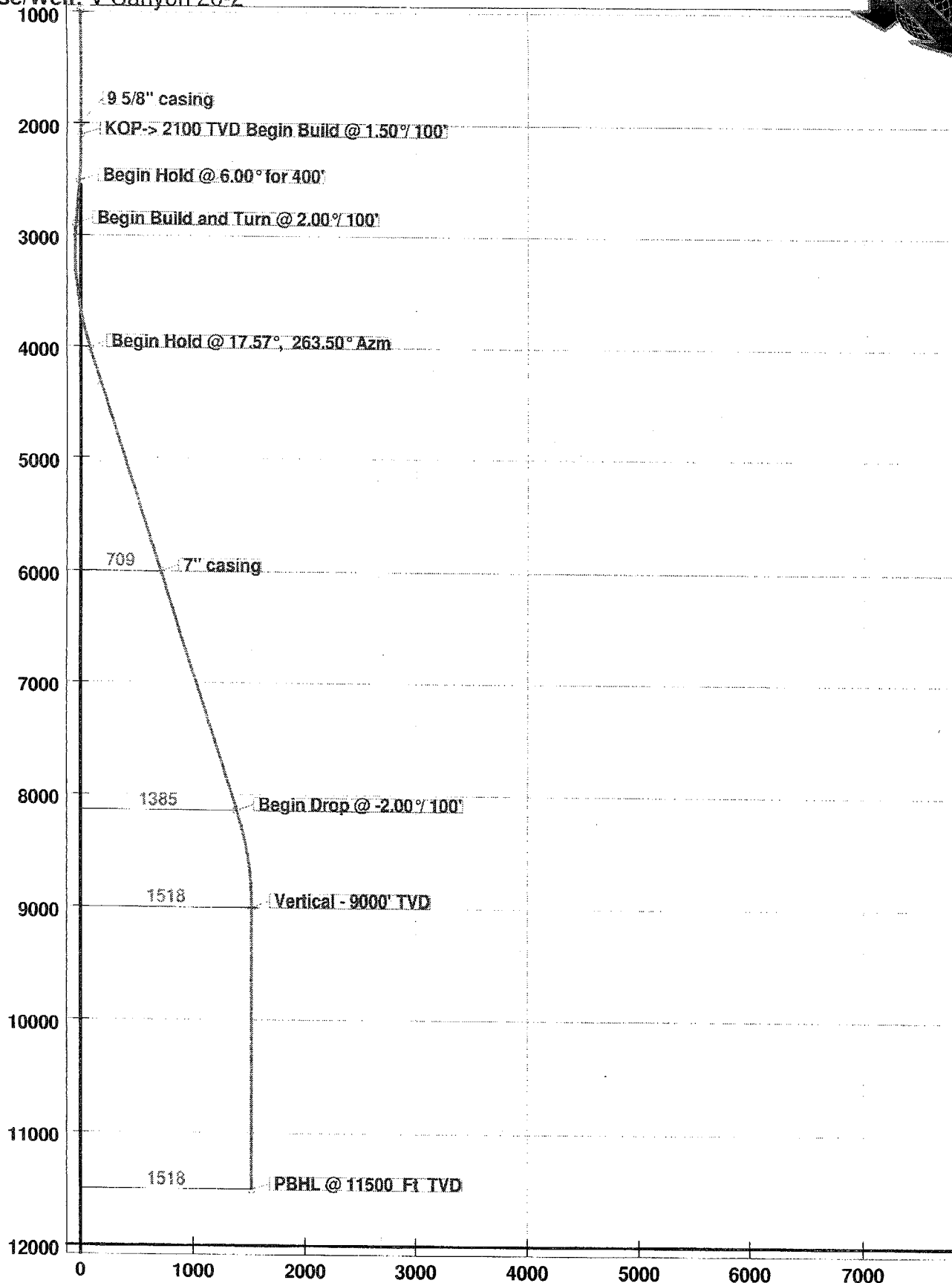
The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.

Drill string safety valve(s), to fit all tools in the drill string are to be maintained on the rig floor while drilling operations are in progress.

Job Number: 82xxxxx
Company: Royale Energy
Lease/Well: V Canyon 20-2

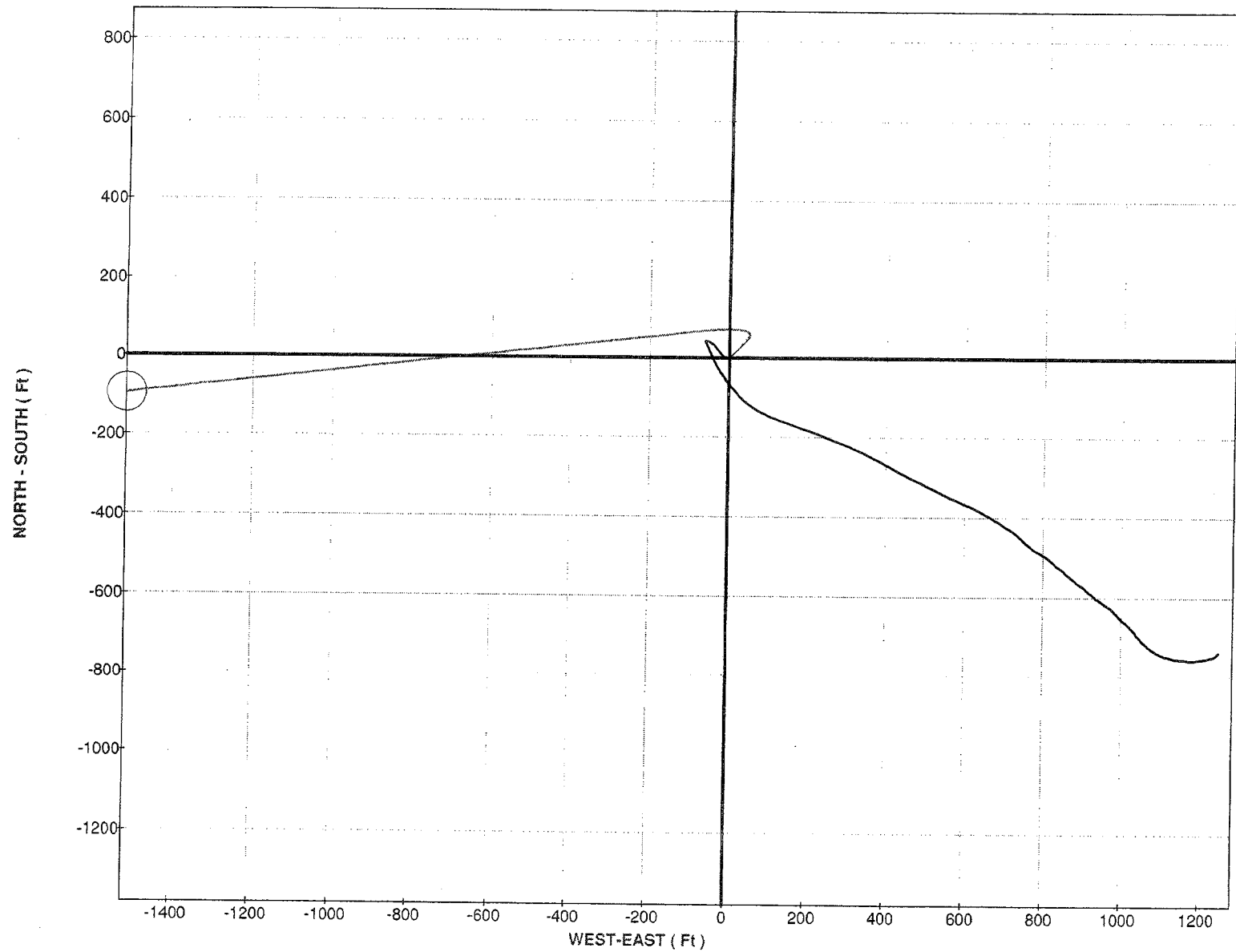


TRUE VERTICAL DEPTH (Ft)



VERTICAL SECTION (Ft) @ 266.37°

Job Number: 82xxxxx
Company: Royale Energy
Lease/Well: V Canyon 20-2



GL

W/ me

VC 20-2

18-Aug-2008

Proposed Casing

	Open				Csg	Csg		Internal		
	Hole	Csg	Csg	Csg	Coupling &	Setting	Csg	Yield	Collapse	ID
	Size	Size	Wt	Grade	Tread	Depth	New/Used	PSI	PSI	
Conductor	17 1/2	14	36.75	A252		40	New	500		13.1
Surface	12 1/4	9 5/8	36	K-55	LTC	2100	New	3,950	2,020	8.92
Intermediate	8 3/4	7	23	N-80	LTC	5800	New	6,340	3,830	6.36
Production	7 7/8	4 1/2	11.6	P-110	LTC	11700	New	10,690	7,560	

Estimated Formation Tops and Datum

Formation	Depth	Datum
Green River	Surface	7221
Dakota Silt	10100	-2879
Entrada	11000	-3779
TD	11700	-4479

Cement Program

Conductor Casing

	Casing Size	Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
			Sks	Cuft/sk	Gal/sk	Ppg
Lead	14	Portland CMT	31	1.15	5	15.8
Top	0	Class IA 4				
Bottom	40	Integral Air-entraining Agent				

Conductor Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/50% Excess
Lead	0	40	40	24	4	21	31

Conductor Casing Cement Data

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus	Cu/Yd	Cuft/ft	Bbls/ft
						14X17 1/2	2.67	0.6013	0.1071
Lead	14	17 1/2	40	0.6013	0.1071				

DV @ 9000

Surface Casing

	Casing Size	Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
			Sks	Cuft/sk	Gal/sk	Ppg
Lead	9 5/8	Class "G"	1518	1.17	5	15.8
Top	0	2% Calcium Chloride				
Bottom	2100	25 #/sk flocele				

Surface Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/50% Excess
Lead	0	40	40	23	4	19	29
Lead	40	2100	2060	1161	207	992	1489
						Total	1518

4.5" 6 18 hole
11700

TD

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	C B	Annulas		Cuft/ft	Bbls/ft
						9 5/8 /14	32#/36.75#	0.5637	0.1004
						9 5/8 X 12.25 OH	32#/OH	0.3132	0.0558
Lead	9 5/8	13 1/2	40	0.5637	0.1004				
Lead	9 5/8	12 1/4	2100	0.3132	0.0558				

Intermediate Casing						
	Casing Size	Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
			Sks	Cuft/sk	Gal/sk	Ppg
Lead	7	Class "G"	201	3.82	23	11
Top	2100	2% Calcium Chloride				
Bottom	5800	.25 #/sk flocele				

Intermediate Cement Volume Calculation							
	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/30% Excess
Lead	1900	2100	200	33	6	9	11
Lead	2100	5800	3700	556	99	146	189
						Total	201

Intermediate Casing Cement Data									
	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus		Cuft/ft	Bbls/ft
						7 X 9 5/8	23#/36#	0.1668	0.0297
						7 X 8 3/4	23#	0.1503	0.0268
Lead	7	8 3/4	200	0.1668	0.0297				
Lead	7	8 3/4	3,700	0.1503	0.0268				

Production Casing						
	Casing Size	Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
			Sks	Cuft/sk	Gal/sk	Ppg
Lead		50/50 poz	262	1.26	5	14.2
Top	9000					
Bottom	11700	.25 #/sk flocele				
Stage 2		50/50 poz	322	1.26	5	14.2
Top	5600					
Bottom	9000	.25 #/sk flocele				

Production Cement Volume Calculation							
	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/30% Excess
Lead	9000	11700	2700	254	45	202	262
						Total	262
Stage 2	5600	5800	200	23	4	18	23
Stage 2	5800	9000	3200	301	54	239	299
						Total	322

Production Casing Cement Data									
	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulas		Cuft/ft	Bbls/ft
						4 1/2 X 7	11.6#/23#		
						4 1/2X 6 1/8	11.6/OH		
Lead	4 1/2	6 1/8	2,700	0.0942	0.0168				
Stage 2	4 1/2	7	200	0.116	0.0197				
Stage 2	4 1/2	6 1/8	2,000	0.0942	0.0168				

Note: All Coeff are from Halliburton Red Book

Proposed Casing

	Open				Csg	Csg		Internal		
	Hole	Csg	Csg	Csg	Coupling &	Setting	Csg	Yield	Collapse	ID
	Size	Size	Wt	Grade	Tread	Depth	New/Used	PSI	PSI	
Conductor	17 1/2	14	36.75	A252		40	New	500		13.5
Surface	12 1/4	9 5/8	36	K-55	LTC	2100	New	3,950	2,020	8.921
Intermediate	8 3/4	7	23	N-80	LTC	5800	New	6,340	3,830	6.366
Production	7 7/8	4 1/2	11.6	P-110	LTC	11700	New	10,690	7,560	4

Estimated Formation Tops and Datum

Formation	Depth	Datum
Green River	Surface	7221
Dakota Silt	10100	-2879
Entrada	11000	-3779
TD	11700	-4479

Cement Program

Conductor Casing

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	14	Portland CMT	31	1.15	5	15.8
Top	0	Class IA 4				
Bottom	40	Integral Air-entraining Agent				

Conductor Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/50% Excess
Lead	0	40	40	24	4	21	31

Conductor Casing Cement Data

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus 14X17 1/2	Cu/Yd 2.67	Cu/ft 0.6013	Bbls/ft 0.1071
Lead	14	17 1/2	40	0.6013	0.1071				

Surface Casing

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	9 5/8	Class "G"	1518	1.17	5	15.8
Top	0	2% Calcium Chloride				
Bottom	2100	.25 #/sk flocele				

Surface Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/50% Excess
Lead	0	40	40	23	4	19	29
Lead	40	2100	2060	1161	207	992	1489
						Total	1518

Surface Casing Cement Data

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus 9 5/8 /14 5/8 X 12.250	Cu/Yd 32#/36.75#	Cu/ft 0.5637	Bbls/ft 0.1004
Lead	9 5/8	13 1/2	40	0.5637	0.1004				
Lead	9 5/8	12 1/4	2100	0.3132	0.0558				

GL

Lead

14
40

1900

9 5/8
2100

8 3/4 hole 5800

DV @ 6000

DV @ 9000

4.5" 7 7/8 hole
11700

TD

Intermediate Casing		Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Casing Size						
Lead			0	3.82	23	11
Top						
Bottom						

Intermediate Cement Volume Calculation							
	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/30% Excess
Lead			0	0	0	0	0
Lead			0	0	0	0	0
						Total	0

Intermediate Casing Cement Data							
	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus	Cuft/ft Bbls/ft
						7 X 9 5/8	23#/36# 0.1668 0.0297
						7 X 8 3/4	23# 0.1503 0.0268
Lead			0	0.1668	0.0297		
Lead			0	0.1503	0.0268		

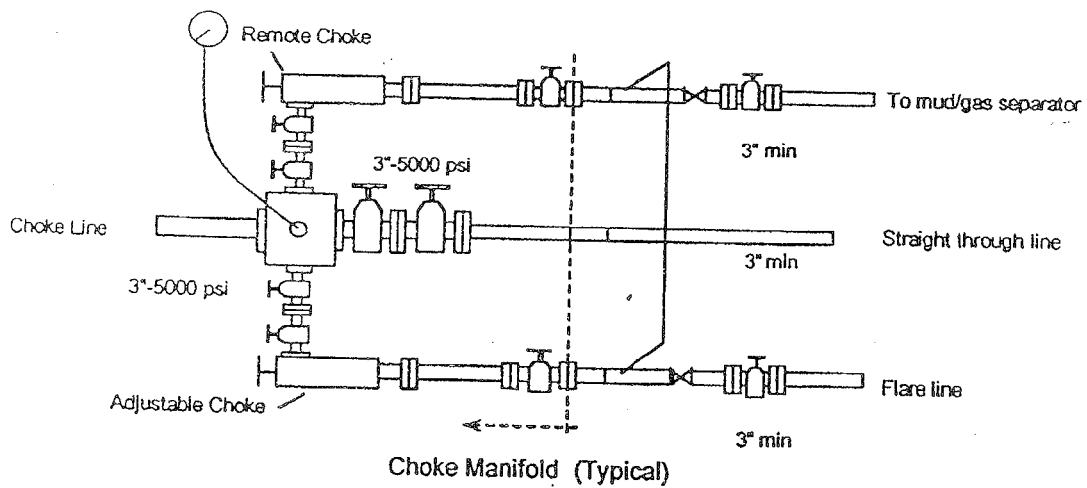
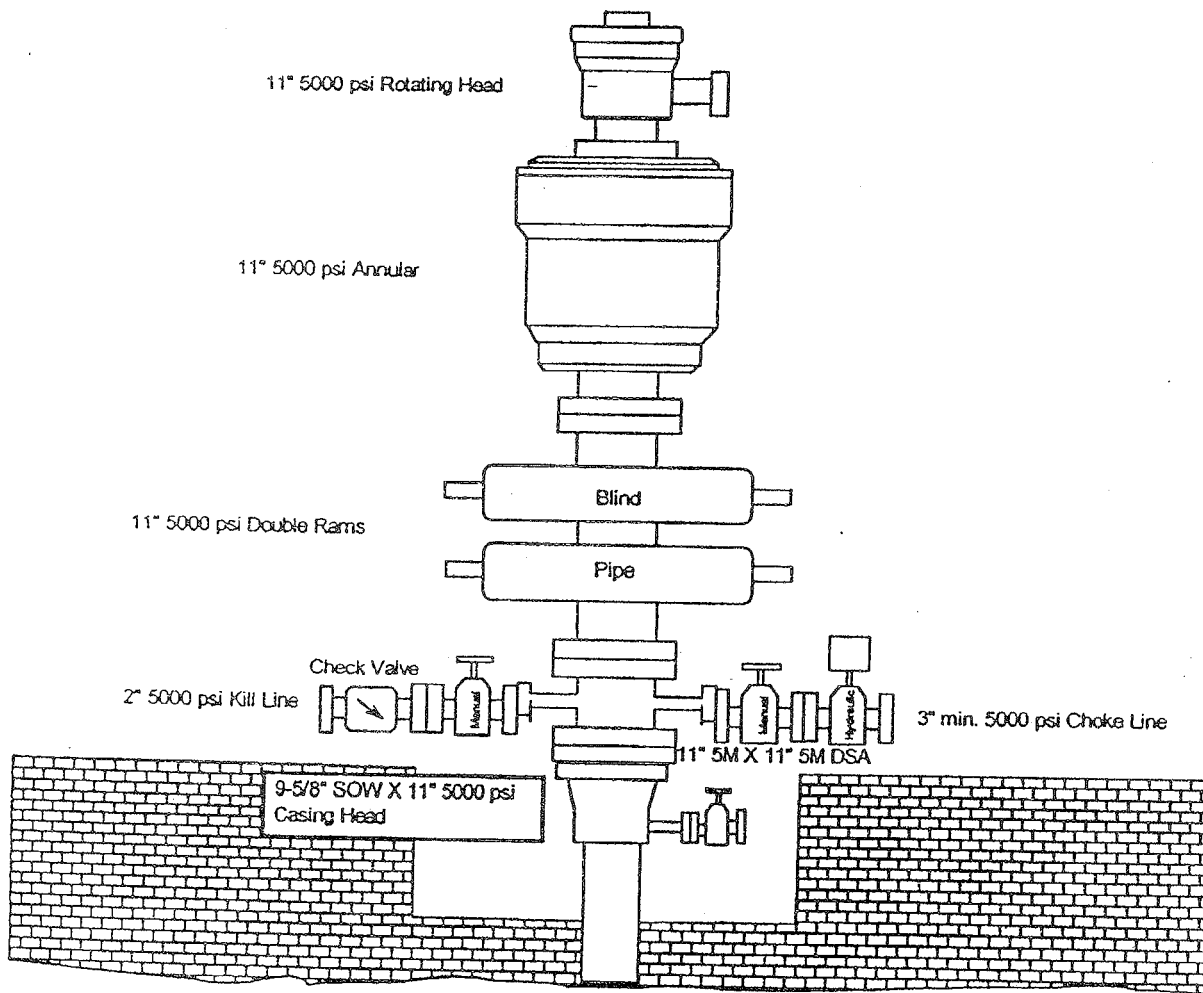
Production Casing		Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Casing Size						
Stage 3		50/50 poz	1301	1.26	5	14.2
Top	1600					
Bottom	5800	.25 #/sk flocele				
Stage 2		50/50 poz	678	1.26	5	14.2
Top	5800					
Bottom	9000	.25 #/sk flocele				
Stage 1		50/50 poz	635	1.26	5	14.2
Top	9000					
Bottom	11700	.25 #/sk flocele				

Production Cement Volume Calculation							
	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/30% Excess
Stage 3	1900	2100	200	79	14	63	81
Stage 3	2100	5800	3700	1136	317	902	1172
Stage 3	5800	6000	200	46	8	36	47
						Total	1301
Stage 2	6000	9000	3000	683	122	542	678
						Total	678
Stage 1	9000	11700	2700	615	110	488	635
						Total	635

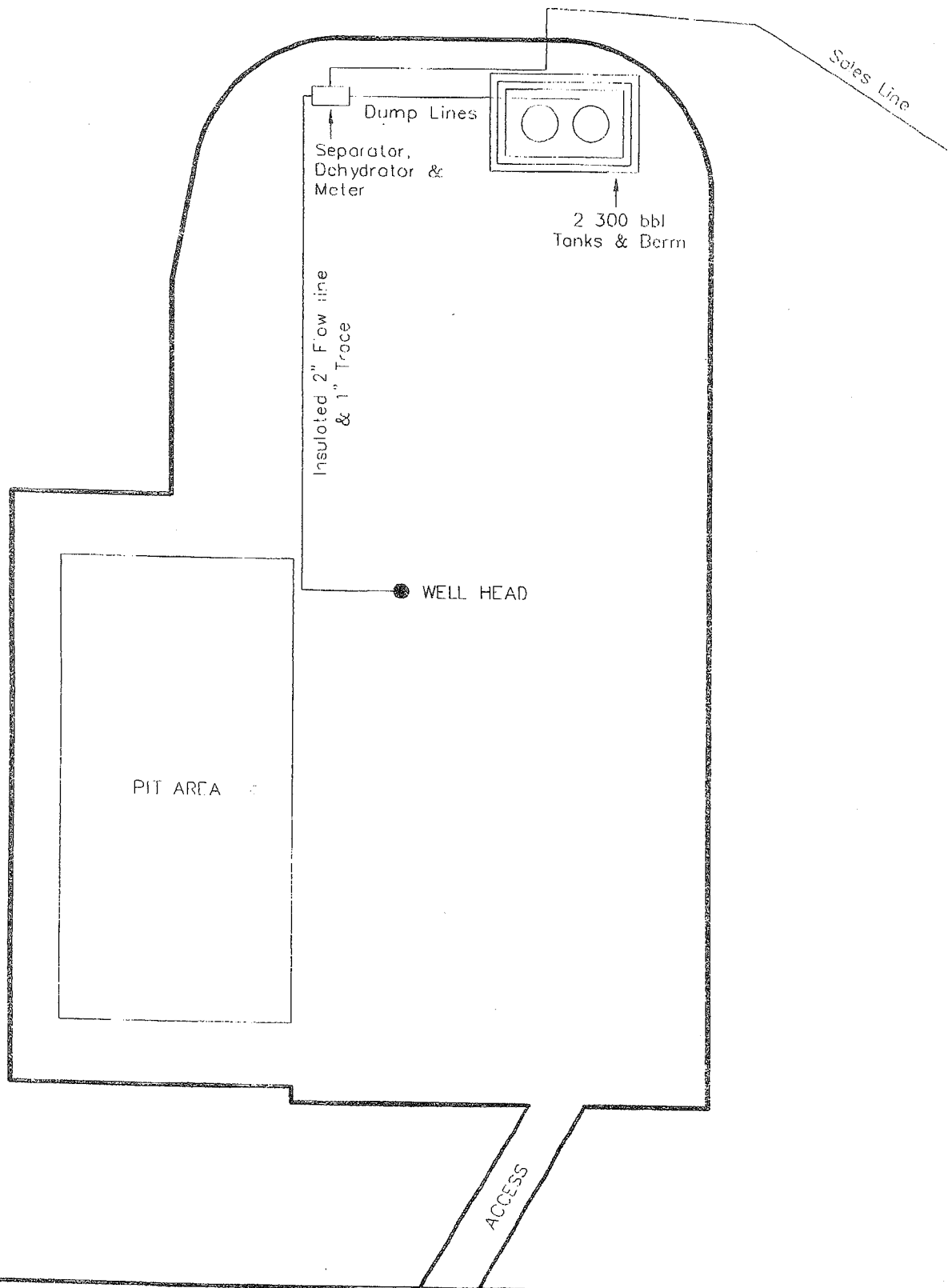
Production Casing Cement Data							
	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus	Cuft/ft Bbls/ft
						4 1/2 X 9 5/8	11.6#/36# 0.3948 0.0703
						4 1/2 X 8 3/4	11.6/OH 0.3071 0.0547
						4 1/2 X 7 7/8	11.6/OH 0.2278 0.0406
Stage 3	4 1/2	9 5/8	200	0.3948	0.0703		
Stage 3	4 1/2	8 3/4	3,700	0.3071	0.0547		
Stage 3	4 1/2	7 7/8	200	0.2278	0.0406		
Stage 2	4 1/2	7 7/8	3,000	0.2278	0.0406		
Stage 1	4 1/2	7 7/8	2,700	0.2278	0.0406		

Note: All Coeff are from Halliburton Red Book

BOPE Diagram 5000 psi WP



TYPICAL PRODUCTION LAYOUT



1. Existing Roads:

Royale Energy, INC
V Canyon 20-2
Section 20, T15S, R 21E

Proceed in a westerly direction from Vernal, UT along U.S. Highway 40 approximately 14.0 miles to the junction of State Highway 88; exit left and proceed in a southerly direction approximately 17.0 miles to Ouray, UT; proceed in a southerly, then southeasterly direction on the Seep Ridge road approximately 55.0 miles to the junction of this road and an existing road (the Divide road); turn right and proceed in a southwesterly direction approximately 8.8 miles to the junction of this road and an existing road to the northwest (Winter Ridge); turn right and proceed in a northwesterly direction approximately 11.0 miles to the junction of this road and an existing road to the northwest (Bull Canyon); proceed in a westerly, then southerly direction approximately 3.0 miles to the beginning of the existing access to the V-Canyon 20-1; proceed in a southeasterly direction approximately 0.2 miles to the location.

Total distance from Vernal, UT is 109.0 miles.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 3.0 miles of previously upgraded two-track for the V Canyon 20-1. See Right-of-way UTU-85772. The road will be graded once per year minimum and maintained.

A) Approximate length	NA
B) Right of Way width	NA
C) Running surface	NA
D) Surface material	NA
E) Maximum grade	NA
F) Fence crossing	NA
G) Culvert	NA
H) Turnouts	NA
I) Major cuts and fills	NA
J) Road Flagged	NA
K) Access road surface ownership	NA
L) All new construction on lease	NA
M) Pipe line crossing	NA

Please see the attached location plat for additional details.

An off lease right-of-way will not be required.

All surface disturbances for the road and location will not be within the lease boundary. (See Right-of-Way UTU-85772)

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

- A) Producing well
V Canyon 20-1
Tumbleweed U Federal 14-17-15-21
- | | |
|-----------------------------------|------|
| B) Water well | None |
| C) Abandoned well | None |
| D) Temp. abandoned well | None |
| E) Disposal well | None |
| F) Drilling /Permitted well | None |
| G) Shut in wells | None |
| H) Injection well | None |
| I) Monitoring or observation well | None |

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a Beetle color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is Beetle.

All tanks will be surrounded by a dike of sufficient capacity to contain one and one half times the storage capacity of the largest tank in the battery. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurements shall

conform to provisions of 43 CFR 3162.7-3 and *Onshore Oil and Gas* Order No. 4. The integrity of the dike will be maintained.

The existing dike/containment area will be removed and tanks drained during drilling. The dike will then be replaced with a metal dike due to the poor soil quality and the soils ability to retain a spill. Two additional production tanks will be placed on location.

The operator will adhere to all site security guidelines and regulations. All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production, the existing production facilities and pipeline will be used to transport gas.

An off lease right-of-way will not be required.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter

calibration and all future meter-improving schedules. A copy of the meter calibration report will be submitted to the State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing will come from a private source in Section 6, T 16S, R23E, owned by Bert Delambert. Utah water Change application T27896 authorizes such use and water use agreement with Mr. Delambert has been obtained.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

No construction materials will be taken from Federal Lands. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.-3.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit is approximately 10 ft. deep and most of the depth shall be below the surface of the existing ground. An additional twenty by twenty foot (square) of reserve pit will be dug to the east. It will be approximately 5 feet deep and lined with a 12 mil liner. This will tie into the existing pit and liner.

Please see the attached plat for details.

The reserve pit is to be lined with a 12 mil synthetic liner.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit or, if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. Onsite evaporation may be used instead of trucking to

facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation. Any spills of oil, gas, salt water or any other potentially hazardous substances will be cleaned up and immediately removed to an approved disposal site.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste. Upon completion of operations, or as required, these toilets will be removed and the contents thereof will be disposed of in an approved sewage disposal facility.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

A) Pad length	320 ft.
B) Pad width	242 ft.
C) Pit depth	10 ft.
D) Pit length	140 ft.
E) Pit width	75 ft.
F) Max cut	Existing pad
G) Max fill	Existing pad
H) Total cut yds.	Existing pad
I) Pit location	North end
J) Top soil location	South end
K) Access road location	West end
L) Flare Pit: 100 feet from wellhead	

The south side of the location will be rip-raped with existing boulders for stability.

A two foot berm will be constructed on the south and east sides of the location to stop existing erosion.

(The reserve pit calculations reflect a 10' wide bench around the exterior of the pit.)

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material was stripped off the location and the pit area. The topsoil was removed during construction of the V Canyon 20-1. Topsoil has been stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location has been seeded with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

Any rat and mouse holes will be back-filled and compacted from bottom to top immediately upon release of the completion rig. The location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, and trash not required for production.

Any oil located on the pits will be removed immediately in accordance with 43 CFR 3162.7-1.

Fluids from the reserve pit will be removed. The liner will be torn and perforated before back-filling of the reserve pit.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled.

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

At such time as the well is plugged and abandon, the operator will submit a subsequent report of abandonment and the BLM will attach the appropriate surface rehabilitation conditions of approval.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Interim Seed Mix

6#/acre Western Wheat grass
6#/acre Smooth Brome grass

11. Surface ownership:

Access road Federal

Location Federal
Pipe line Federal

12. Other information:

A) Vegetation

The vegetation coverage is Pinion-Juniper. The location was previously cleared. Pinion-Juniper has been slashed and stockpiled for future reclamation projects.

B) Dwellings:

There are no dwellings or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey is on file, in the V-Canyon 20-1 well file, in the field office. Please see the attached.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

Meadow Creek approximately 2.0 miles to the south.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior approval.

will be removed from the flare pit within 48 hours of occurrence.

13. Lessees or Operator's representative

F) Notification:

A) Representative(s)

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion
prior to moving on the drilling rig.
- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

William A Ryan
290 S 800 E
Vernal, UT 84078

Office 435-789-0968
Cellular 435-828-0968

Ginger Bowden
PO BOX 790203
Vernal, UT 84079

Office 435-789-4162
Cellular 435-790-4163

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of two years from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

G) Flare pit:

The flare pit will be located outside the pit fences and 100 feet from the bore hole on the north side of the location. All fluids

B) Operators Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the proposed drill-site and access route proposed herein; that I am familiar with the conditions which currently exist, that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

Executed this 21th day of August, 2008.

Name: Ginger Bowden

Position Title: Agent

Address: PO BOX 790203

Vernal, UT 84079

Telephone: 435-789-4162

Self Certification Statement

The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Please be advised that Royale Energy, INC is considered to be the operator of the following well:

V Canyon 20-2
Section 20, T. 15S, R. 21E
NE ¼ of the NW ¼
Lease UTU-78023
Moon Canyon Unit UTU-80642X
Uintah County, Utah

Royale Energy, INC is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond UTB-000026 provides state-wide bond coverage on all Federal Lands.
Name: Ginger Bowden
Title: Agent

Signature: 

Date: 8/21/2008

**Statement of use of Hazardous
Materials**

No chemical(s) from the EPA's consolidated list of Chemicals Subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 CFR 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

Ginger Stringham
Agent for Royale Energy, INC
Paradigm Consulting, INC
PO BOX 790203
Vernal, UT 84079

ROYALE ENERGY, INC.

V CANYON #20-2

LOCATED IN UINTAH COUNTY, UTAH
SECTION 20, T15S, R21E, S.L.B.&M.



PHOTO: VIEW OF LOCATION STAKE

CAMERA ANGLE: SOUTHERLY



PHOTO: VIEW OF EXISTING ACCESS

CAMERA ANGLE: SOUTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

12 **08** **06**
MONTH DAY YEAR

PHOTO

TAKEN BY: D.R.

DRAWN BY: C.P.

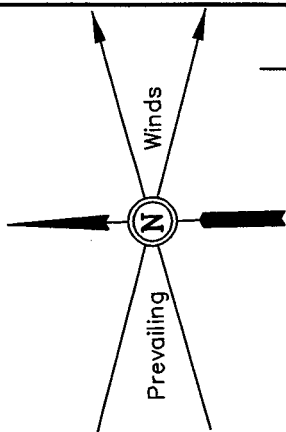
REV: 09-03-08 S.L.

ROYALE ENERGY, INC.

FIGURE #1

LOCATION LAYOUT FOR

V CANYON #20-2
SECTION 20, T15S, R21E, S.L.B.&M.
510' FNL 2187' FWL



SCALE: 1" = 50'

DATE: 12-12-06

Drawn By: C.H.

REVISED: 08-07-08 S.L.

REVISED: 09-03-08 S.L.

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.

Approx.
Top of
Cut Slope

FLARE PIT

Sta. 3+20

Round Corners
as Needed

PIPE TUBS

PIPE RACKS

CATWALK

20-2

122' Sta. 1+46

Existing
#20-1

TOILET

TRAILER

WATER
TANK

LIGHT PLANT

BOILER

COMPRESSOR

BOOSTER

RIG

PUMP HOUSE

TRASH

PROPANE
STORAGE

Sta. 0+50

Sta. 0+00

RESERVE PITS
(10' Deep)

Total Pit Capacity
W/2' of Freeboard
= 9,980 Bbls. ±
Total Pit Volume
= 2,810 Cu. Yds.

1 1/2:1 Slope

10' WIDE BENCH

Reserve Pit Backfill
& Spoils Stockpile

Pit Topsoil

Topsoil Stockpile

Existing
Drainage

Access
Road



UINTAH ENGINEERING & LAND SURVEYING

85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

ROYALE ENERGY, INC.

TYPICAL CROSS SECTIONS FOR

V CANYON #20-2

SECTION 20, T15S, R21E, S.L.B.&M.

510' FNL 2187' FWL

FIGURE #2

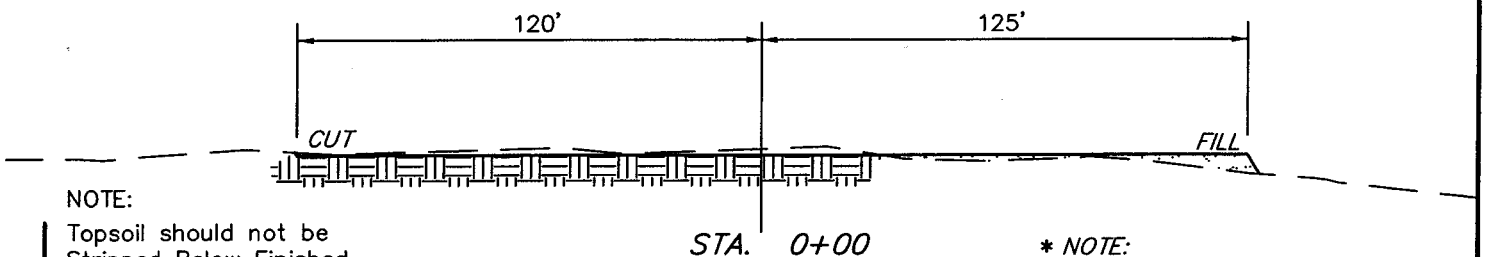
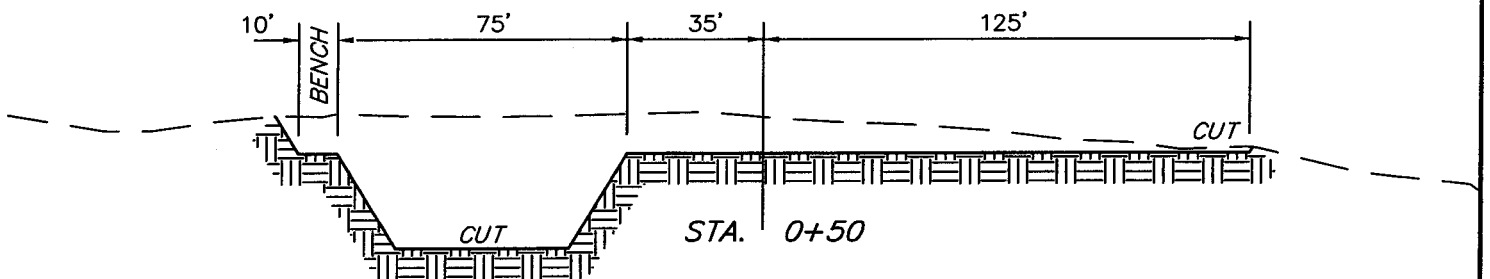
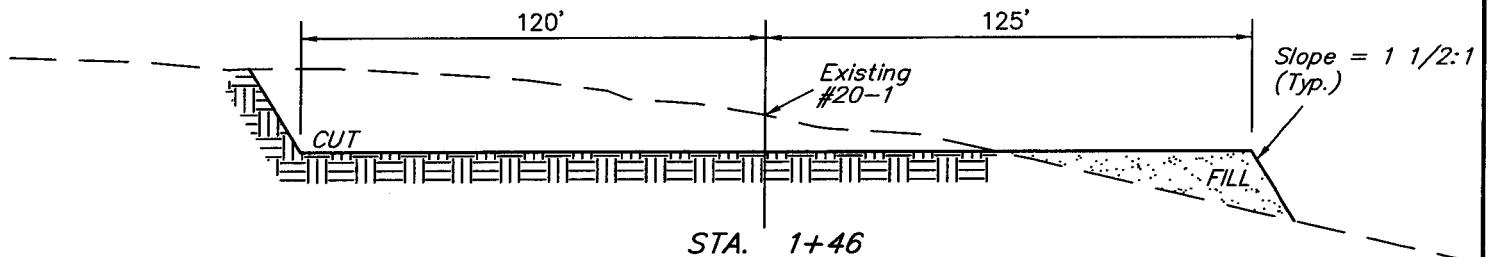
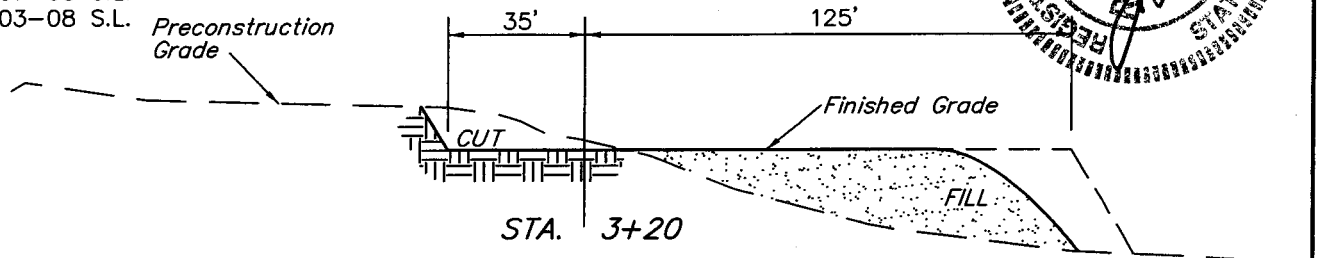
1" = 20'
X-Section
Scale
1" = 50'

DATE: 12-12-06

Drawn By: C.H.

REVISED: 08-07-08 S.L.

REVISED: 09-03-08 S.L.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:

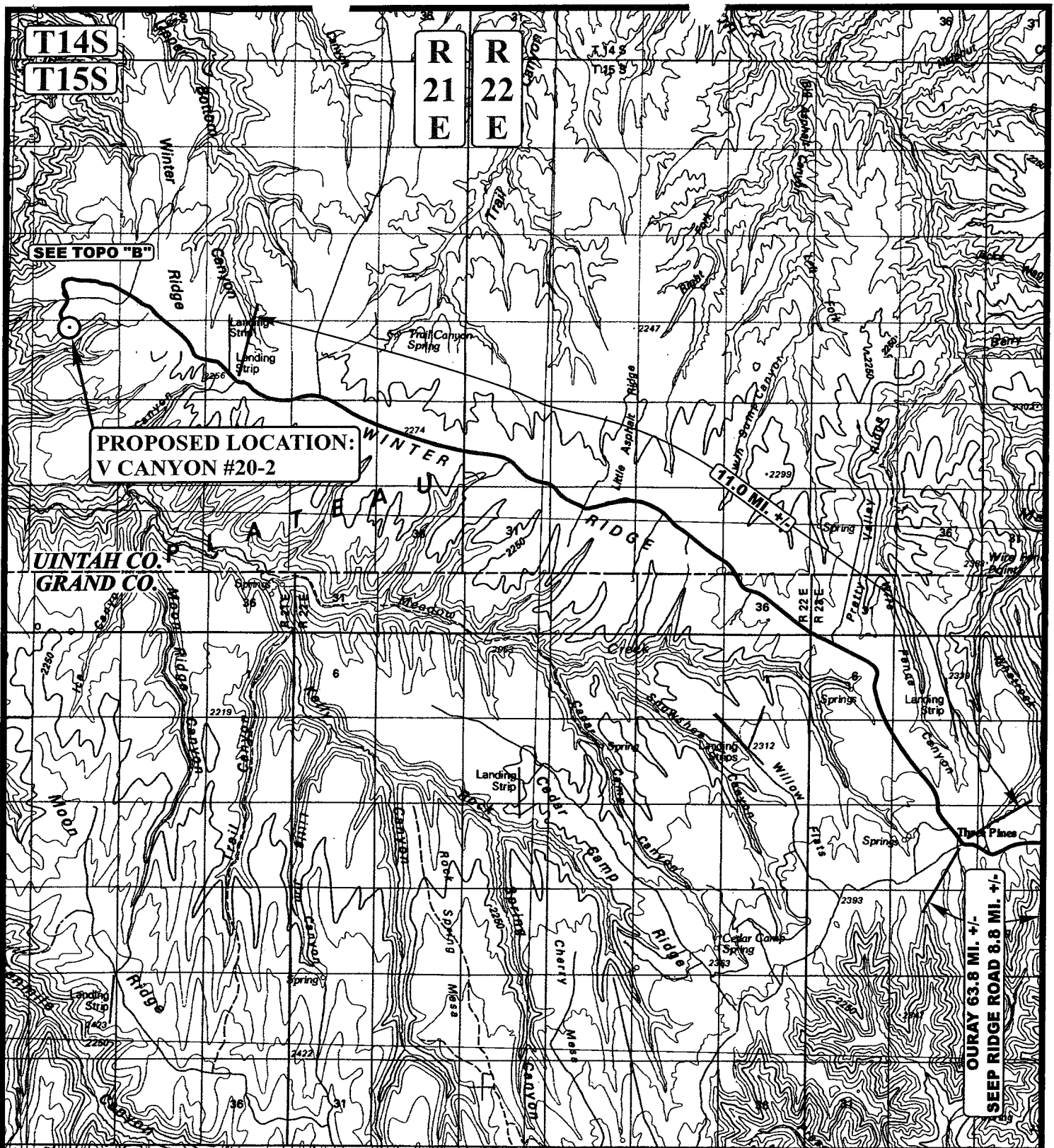
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,390 Cu. Yds.
Remaining Location	= 7,670 Cu. Yds.
TOTAL CUT	= 9,060 CU.YDS.
FILL	= 6,260 CU.YDS.

EXCESS MATERIAL	= 2,800 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,800 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

○ PROPOSED LOCATION



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



ROYALE ENERGY, INC.

V CANYON #20-2
 SECTION 20, T15S, R21E, S.L.B.&M.
 510' FNL 2187' FWL

TOPOGRAPHIC
 MAP

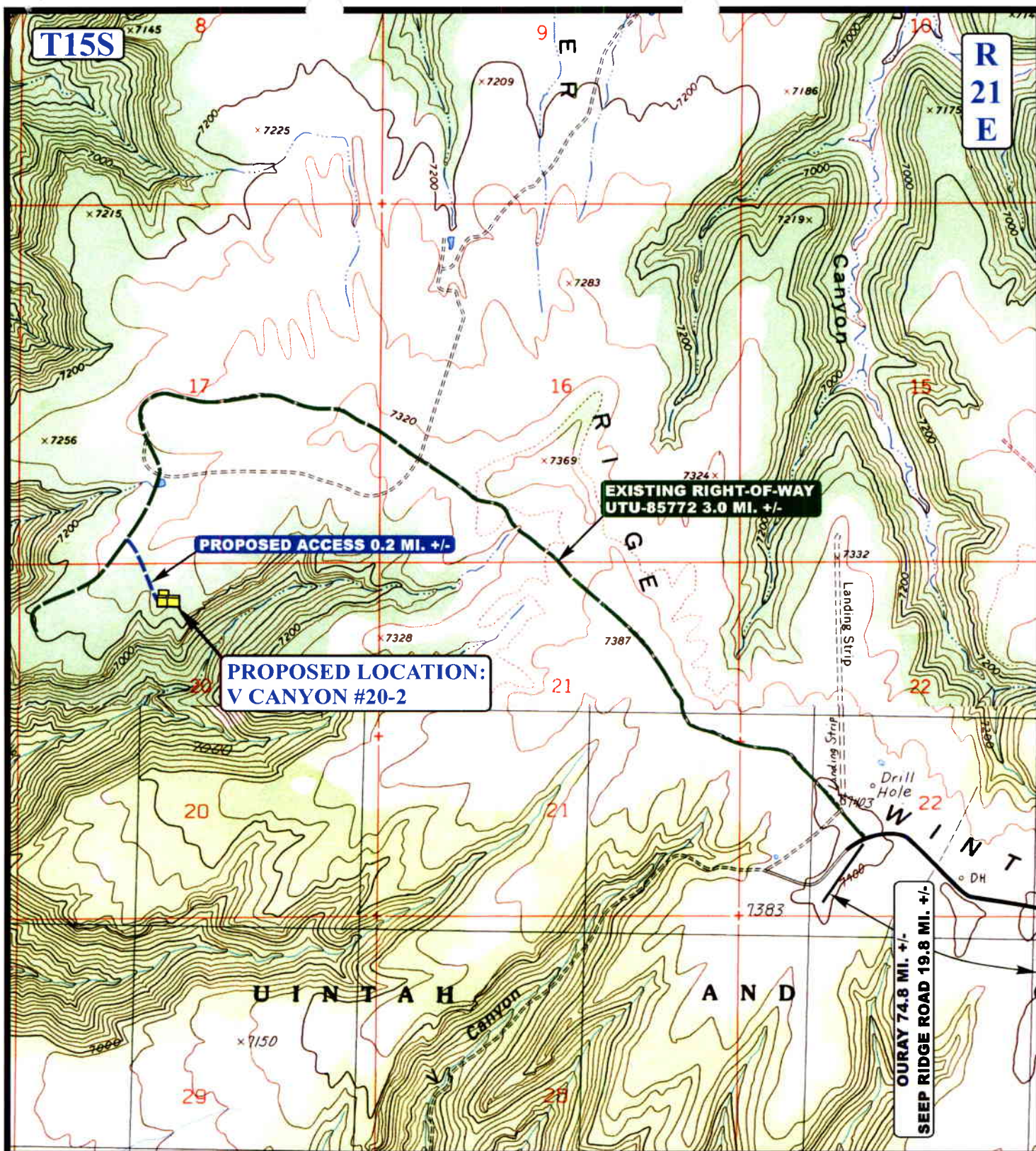
12 08 06
 MONTH DAY YEAR

SCALE: 1:100,000

DRAWN BY: C.P.

REV: 09-03-08 S.L.





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING RIGHT-OF-WAY UTU-85772



ROYALE ENERGY, INC.

V CANYON #20-2
SECTION 20, T15S, R21E, S.L.B.&M.
510' FNL 2187' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

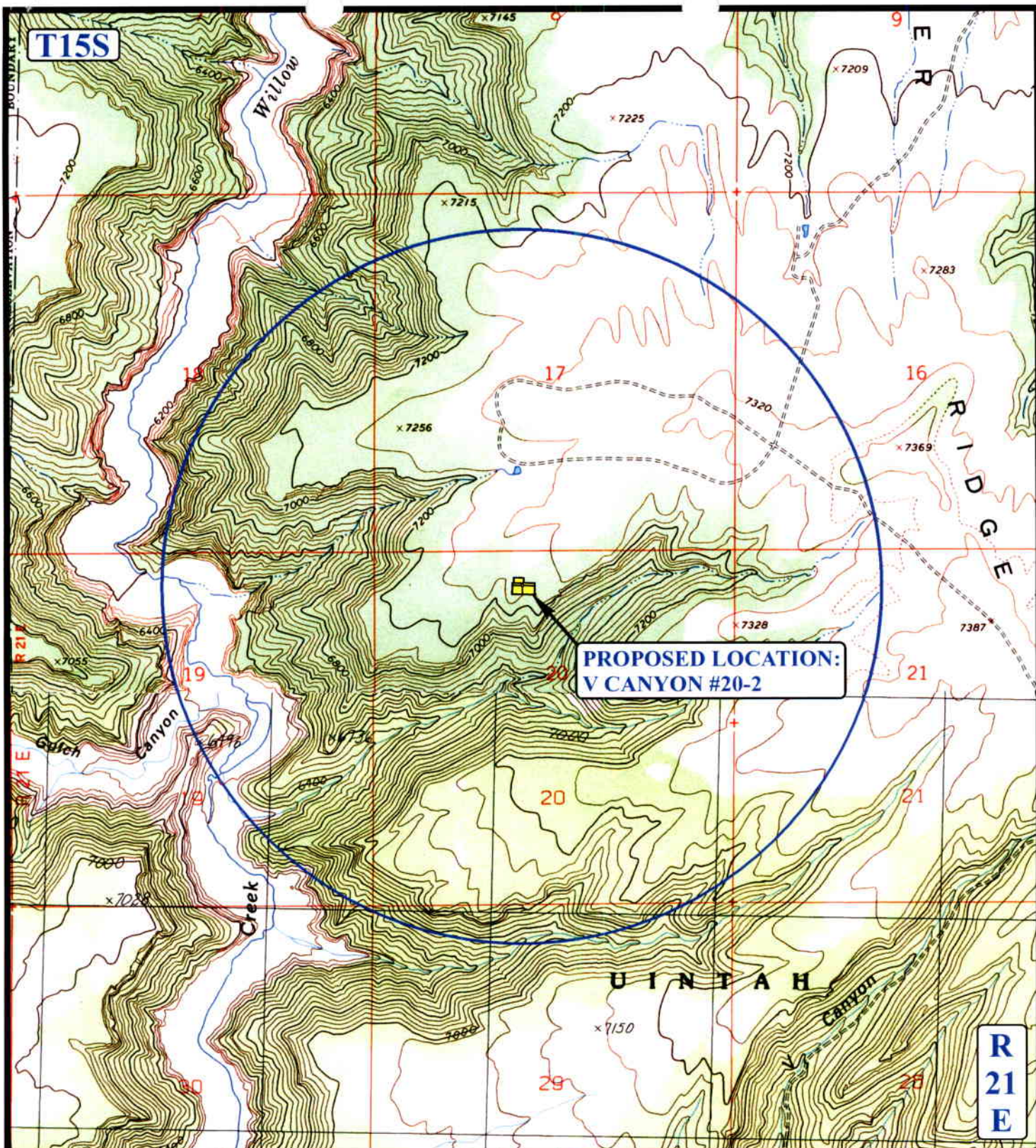
12 08 06
MONTH DAY YEAR

SCALE: 1" = 2000'

DRAWN BY: C.P.

REV: 09-03-08 S.L.





LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

ROYALE ENERGY, INC.

V CANYON #20-2
SECTION 20, T15S, R21E, S.L.B.&M.
510' FNL 2187' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

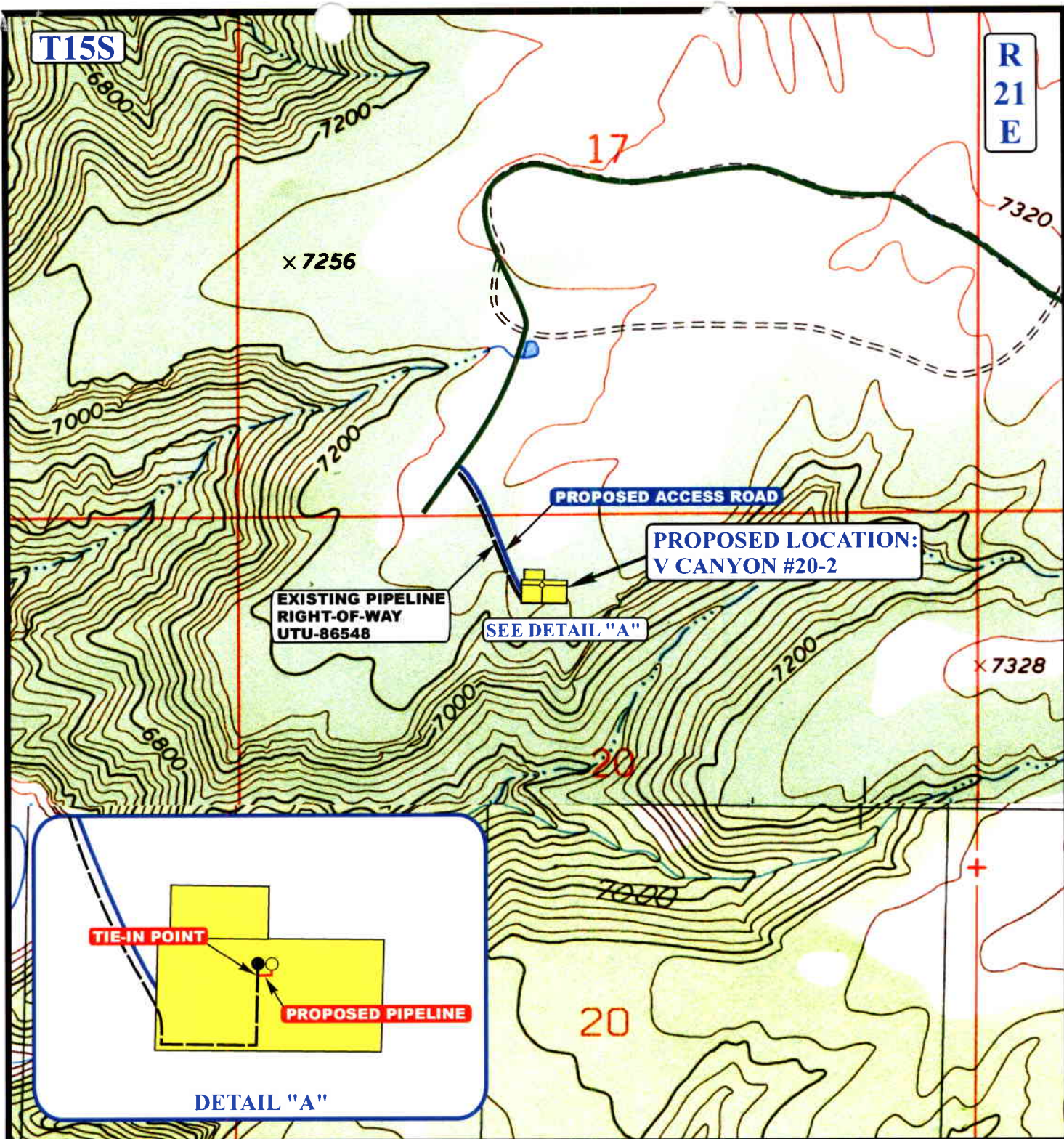


TOPOGRAPHIC
MAP

09 03 08
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: S.L. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 25' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- - - - - PROPOSED PIPELINE
- - - - - EXISTING PIPELINE RIGHT-OF-WAY



ROYALE ENERGY, INC.

V CANYON #20-2
SECTION 20, T15S, R21E, S.L.B.&M.
510' FNL 2187' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

05 07 07
MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: C.P. REV: 09-03-08 S.L.



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/04/2008

API NO. ASSIGNED: 43-047-40349

WELL NAME: V CANYON 20-2

OPERATOR: ROYALE ENERGY, INC. (N2465)

CONTACT: GINGER BOWDEN

PHONE NUMBER: 619-881-2874

PROPOSED LOCATION:

NENW 20 150S 210E

SURFACE: 0510 FNL 2187 FWL

BOTTOM: 0606 FNL 0672 FWL

COUNTY: UINTAH

LATITUDE: 39.50437 LONGITUDE: -109.5914

UTM SURF EASTINGS: 621107 NORTHINGS: 4373487

FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-78023

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: ENRD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB-000026)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit
(No. T27896)

☒ RDCC Review (Y/N)
(Date: _____)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

 R649-2-3.

Unit: MOON CANYON

 R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

 R649-3-3. Exception

 Drilling Unit

Board Cause No: _____

Eff Date: _____

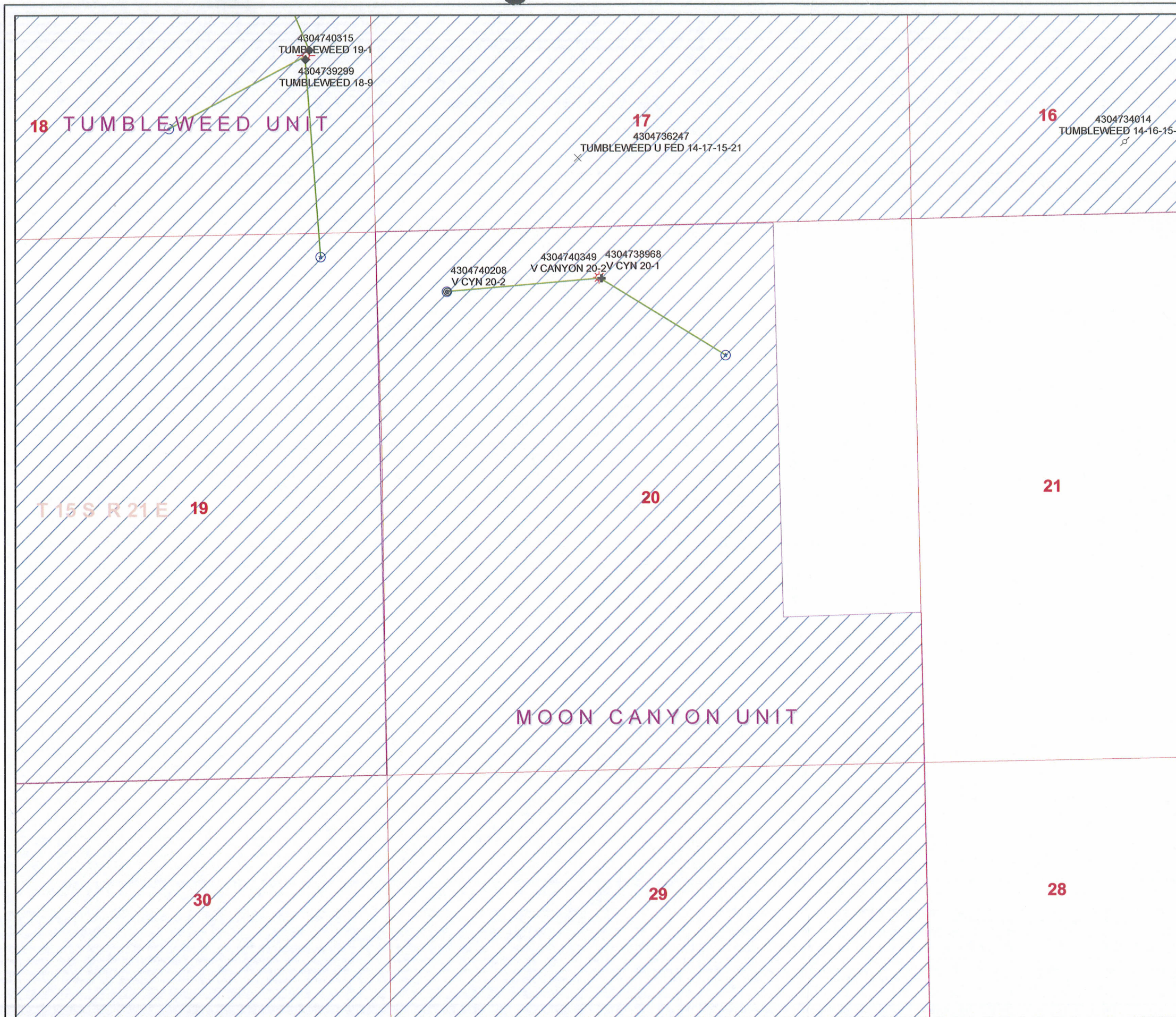
Siting: _____

☒ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

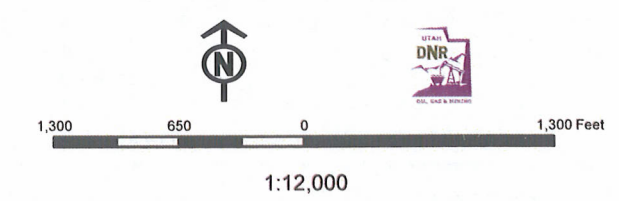
1- Section Approval
2- Spacing Strip



API Number: 4304740349
Well Name: V CANYON 20-2
Township 15.0 S Range 21.0 E Section 20
Meridian: SLBM
Operator: ROYALE ENERGY, INC.

Map Prepared:
Map Produced by Diana Mason

- | Units | Wells Query Events |
|---------------|----------------------|
| STATUS | <all other values> |
| ACTIVE | GIS_STAT_TYPE |
| EXPLORATORY | <Null> |
| GAS STORAGE | APD |
| NF PP OIL | DRL |
| NF SECONDARY | GI |
| PI OIL | GS |
| PP GAS | LA |
| PP GEOTHERML | NEW |
| PP OIL | OPS |
| SECONDARY | PA |
| TERMINATED | PGW |
| Fields | POW |
| STATUS | RET |
| ACTIVE | SGW |
| COMBINED | SOW |
| Sections | TA |
| Township | TW |
| | WD |
| | WI |
| | WS |
| | Bottom Hole Location |



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

September 15, 2008

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2008 Plan of Development Moon Canyon, Uinta County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following well is planned for calendar year 2008 within the Moon Canyon Unit, Uinta County, Utah. This is a modification of the 2008 POD approved March 31, 2008.

API #	WELL NAME	LOCATION
-------	-----------	----------

(Proposed PZ Entrada Sandstone)

43-047-40349 V Canyon 20-2 Sec 20 T15S R21E 0510 FNL 2187 FWL
BHL Sec 20 T15S R21E 0606 FNL 0672 FWL

This office has no objection to permitting the well at this time.

/s/ Michael L. Coulthard

bcc: File – Moon Canyon Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:9-15-08



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 15, 2008

Royale Energy, Inc.
7676 Hazard Center, Ste. 1500
San Diego, CA 92108

Re: V Canyon 20-2 Well, Surface Location 510' FNL, 2187' FWL, NE NW, Sec. 20,
T. 15 South, R. 21 East, Bottom Location 606' FNL, 672' FWL, NW NW, Sec. 20,
T. 15 South, R. 21 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-40349.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal Office

Operator: Royale Energy, Inc.

Well Name & Number V Canyon 20-2

API Number: 43-047-40349

Lease: UTU-78023

Surface Location: NE NW **Sec.** 20 **T.** 15 South **R.** 21 East

Bottom Location: NW NW **Sec.** 20 **T.** 15 South **R.** 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: ROYAL ENERGY, INC

Well Name: V CANYON 20-2

Api No: 43-047-40349 Lease Type: FEDERAL

Section 20 Township 15S Range 21E County UINTAH

Drilling Contractor ROCKY MOUNTAIN DRLG RIG # BUCKET

SPUDDED:

Date 09/15/08

Time

How DRY

Drilling will Commence:

Reported by

Telephone #

Date 09/29//08 Signed CHD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

5. Lease Serial No.
UTU-78023

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL

☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

☐ Single Zone ☒ Multiple Zone

2. Name of Operator Royale Energy, INC

7. If Unit or CA Agreement, Name and No.
UTU-80642X

8. Lease Name and Well No.
V Canyon 20-2

9. API Well No.
4304740208 43-047-40349

3a. Address 7676 Hazard Center, Suite 1500
San Diego, CA 92108

3b. Phone No. (include area code)
619-881-2874

10. Field and Pool, or Exploratory
Wildcat

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 510' FNL & 2187' FWL NENW

At proposed prod. zone 606' FNL & 672 FWL NWNW

11. Sec., T. R. M. or Blk. and Survey or Area
Sec. 20, T. 15S, R. 21E SLB&M

14. Distance in miles and direction from nearest town or post office*
109.0 miles south of Vernal, UT

12. County or Parish
Uintah

13. State
UT

15. Distance from proposed* location to nearest property or lease line, ft.
(Also to nearest drig. unit line, if any) 510'

16. No. of acres in lease
1,040.230

17. Spacing Unit dedicated to this well
40 acres

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,500' (TD)
15' Surface

19. Proposed Depth
11,700'

20. BLM/BIA Bond No. on file
UTB-000026

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
7244' Ungraded Ground

22. Approximate date work will start*
09/15/2008

23. Estimated duration
45 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature

Ginger Bowden

Name (Printed/Typed)

Ginger Bowden

Date

08/28/2008

Title

Agent for Royale Energy, INC

Approved by (Signature)

Jerry Neveka

Name (Printed/Typed)

JERRY NEVEKA

Date

SEPT. 15, 2008

Title

Assistant Field Manager
Lands & Mineral Resources

Office

VERNAL FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

RECEIVED

NOTICE OF APPROVAL

SEP 23 2008

DIV. OF OIL, GAS & MINING

NO NDS

08CXSO18A

CONFIDENTIAL

UDOGM



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE
170 South 500 East VERNAL, UT 84078 (435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Royale Energy, Inc.
Well No: V Canyon 20-2
API No: 43-047-40349

Location: NENW, Sec. 20, T15S, R21E
Lease No: UTU-78023
Agreement: Moon Canyon Unit

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
Supervisory NRS:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	(435) 828-3544
NRS/Enviro Scientist:	James Hereford	(435) 781-3412	(435) 828-3546
NRS/Enviro Scientist:	Chuck Macdonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Dan Emmett	(435) 781-3414	(435) 828-4029
NRS/Enviro Scientist:	Paul Percival	(435) 781-4493	(435) 828-7381
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545

Fax: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

Conditions of Approval: Some of these Conditions may also be found in the APD or SOP.

- **Surface Disturbing Activities Notification:** Notify the Authorized Officer (AO) 48 hours prior to surface disturbing activities.
- There will be **no new surface disturbance**.
- **Time Limitations:** (Only during construction & drilling)
 - Lands in this lease have been identified as crucial Elk and Mule Deer winter habitat. Therefore, modifications to the Surface Use Plan of Operations will be required in order to protect Elk and Mule Deer habitat from surface disturbing activities.
 - From **December 1 - April 30**, there will be no construction/drilling activities in the area, in order to minimize disturbance within crucial Elk winter habitat.
- **Daily timing restriction** agreed to during onsite for sage grouse during lek/nesting season: Limit activities on road to well north and east of V Canyon road from March 1 through June 15 from one hour prior to sunrise to three hours after sunrise.
- **Paleontology:** If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.
- **Surface Pipelines:** Restrictions for placement of surface pipelines:
 - a): Surface pipelines will be placed 5-10 feet outside of the borrow area.
 - b): Surface pipelines will be placed in such a way that they will not wander into the borrow area.
 - c): Pipelines shall not be installed (or wander) into unauthorized ROW.
 - d): Pipelines will be buried at all major road and drainage crossings.
- **Right of way (ROW):** Will share ROW with existing V Canyon 20-1
- **Wet Soil - Caution:** No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or construction equipment. If such equipment creates ruts in excess of three inches deep, the soil shall be deemed too wet to adequately support construction equipment.

- **Soil Erosion – Caution:** Lands where the proposed gas well is located have been identified as vulnerable to severe erosion due to steep slopes in some areas. If additional erosion occurs during the life of this project, more low water crossings, culverts, diversion channels, berms, wing ditches etc. will need to be installed/constructed in order to control erosion.
- **Reserve Pit:**
 - Line with a 16 mil or greater liner and felt. Pit will be extended a few feet within the existing pad.
 - The reserve pit will be constructed in such a way that it will not leak, break or allow discharge of fluids in it. Line the pit with a 16 mil or greater liner and felt. When the drilling operations have been completed, the oily, dark colored surface layer mainly composed of hydrocarbons shall be removed (43 CFR 3162.7-1). And weather permitting; the reserve pit shall be backfilled, and reclaimed within 90 days.
- Metal containment will be installed around production tanks. And 2 more tanks will be added (total # of tanks at the well pad = 4).
- **General Maintenance:**
 - The operator will be responsible for treatment and control of invasive and noxious weeds. Prior to any treatment on BLM administered lands, a Pesticide Use Proposal will be submitted to the Vernal Field Office for approval.
- **Interim Reclamation:**
 - **Maximize** interim reclamation. Within the pad, reseed all areas not needed for production; only leave room for vehicle access.
 - During interim management of the surface, the following seed mixture will be used (PLS formula).

Western Wheatgrass (<i>Pascopyrum smithii</i>)	6 lbs/acre
Smooth Brome grass (<i>Bromus inermis</i>)	6 lbs/acre

 - Rates are set for drill seeding; double the rate if broadcasting.
 - Reseeding may be required if initial seeding is not successful.
 - **If no germination, contact BLM Authorized Officer.**
- **Final Reclamation:**
 - See APD
 - Once the location is plugged and abandoned, it shall be recontoured to natural topography, topsoil shall be re-spread, and the entire location shall be seeded with a seed mixture recommended by the A.O. **Seed application will follow all guidelines recommended for seedbed preparation, planting, watering, and seedling care after germination.**

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

- The production casing cement shall extend a minimum of 200 feet above the next casing shoe.
- A Cement Bond Log (CBL) shall be run in the production casing from the TD to the top of cement. A field copy of the CBL shall be submitted to the BLM Vernal Field Office for review.
- All casing strings below the conductor shall be pressure tested to 0.22 psi/foot or 1500 psi, whichever is greater but not to exceed 70% of the internal yield.
- Electronic/mechanical mud monitoring equipment shall be required, from surface casing shoe to TD, which shall include as a minimum: pit volume totalizer (PVT); stroke counter; and flow sensor.
- A formation integrity test shall be performed at the surface casing shoe.

Variances Granted

Air Drilling

- Dust suppression equipment. Variance granted for water mist system to substitute for the dust suppression equipment.
- Blooie line discharge 100' from the well bore, variance granted for blooie line discharge to be 35' from the well bore.
- Compressors located in the opposite direction from the blooie line a minimum of 100' from the well bore. Variance granted for two truck/trailer mounted air compressors.
- In lieu of mud products on location, Royale will have water in the reserve pit for kill fluid.
- Straight run blooie line. Variance granted for targeted "T's" at bends.
- Blooie line discharge 100' from well bore. To reduce pad size the blooie line will be less than 100'.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.

- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**

- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or

data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Royale Energy Inc.
Address: 7676 Hazard Center Dr. St 1500
city San Diego
state CA zip 92108

Operator Account Number: N 2465

Phone Number: 619-881-2800

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-047-40349	V Canyon 20-2	NWNW	20	15S	21E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	17117	9/15/08	9/30/08		
Comments: ENRD BHL = NWNW						

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
Comments:						

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
Comments:						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Rachele Wolchko
Name (Please Print)
Rachele Wolchko
Signature
Executive Assistant 9-30-08
Title Date

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DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:
Royale Energy, Inc.

3. ADDRESS OF OPERATOR:
7676 Hazard Center Drive S CITY San Diego STATE CA ZIP 92108

PHONE NUMBER:
(619) 881-2800

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 560' FNL, 560' FWL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 20 15S 21E

STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU - 78023

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Moon Canyon

8. WELL NAME and NUMBER:
V Canyon 20-2

9. API NUMBER:
047-40349

10. FIELD AND POOL, OR WILDCAT:
Wildcat

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 9/15/2008	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

V Canyon 20-2 was spud on 9/15/08

NAME (PLEASE PRINT) Mohamed Abdel Rahman

TITLE VP of Exploratoion

SIGNATURE

DATE

10/30/2008

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU - 78023
2. NAME OF OPERATOR: Royale Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: Moon Canyon
3. ADDRESS OF OPERATOR: 7676 Hazard Center Drive S CITY San Diego STATE CA ZIP 92108		7. UNIT or CA AGREEMENT NAME: V Canyon 20-2
4. LOCATION OF WELL FOOTAGES AT SURFACE: 510' FNL, 2187' FWL		8. WELL NAME and NUMBER: V Canyon 20-2
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 20 15S 21E		9. API NUMBER: 43-047-40349
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 9/15/2008	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
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	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
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	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Drilling history
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please see attached history

NAME (PLEASE PRINT) Mohamed Abdel Rahman	TITLE VP of Exploratoion
SIGNATURE <i>Mohamed Abdel Rahman</i>	DATE 11/17/08

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V Canyon 20-2 – Drilling Summary

9/15/08

Rocky Mountain Drilling moved on location. Spudded well with dry hole digger. Drilled 18' of hole.

9/16/08

Drilled from 18' to 35'. Contacted Matt Baker with BLM Vernal and Karel Danniels with DOGM regarding spud report. Drilling rat hole. Drilled mouse hole to 25'.

9/17/08

Drilled rat hole 40'. RDMO location. RU and spot equipment. Drilled a 12 ¼ hole from 36' to 540' with air mist.

9/18/08

Drill hole from 540' to 1320'. TFB lay down air hammer & PU roller cone. Drill from 1320' to 1630'.

9/19/08

Drilled all night. Lost buster. Drilling slowed down after loss of buster. TD @ 2126'. Circulate and condition hole. To run csg.

9/20/08

C&C hole. Survey @ 2057' 1 ¼ deg. TOOHL DC BHA. PU & Run 50jts, 9 5/8 csg, 36# J-55 LTC shoe one jt float 49 jts csg set @ 2107'. Ran 8 centralizer middle of first jt every other jt after. RU & circulate csg from reserve pit while waiting for cement. Lost 613 bbls while circulating, no returns to surf. RU & cement csg. Pumped 150 bbl water & 20 bbl gel spacer ahead @ 6.5 bpm. Cement from TD -1000'. Pump pressure 80 to 800 psi. No returns to surf. Bumped plug with 1400 psi plug held. WOC. RIH with 200' 1". Pumped top job, 100 sks, 20.5 bbls wt 15.8 same additives, cement to surf, cement fell. WOC. Top fill with 50 sks cement 11 bbls cement held at surf. Wt 15.8 same additives. RD & MO location.

9/21/08

No activity

9/22/08

Nabors rig started moving today.

9/23/08

Moving in rig.

9/24/08

Moving in rig.

9/25/08

Rig up Nabors 379.

9/26/08

9/26/08

Rig up Nabors 379.

9/27/08

Set rest of rig & camps.

9/28/08

Raise derrick & rig floor up.

9/29/08

Rig up. NU BOP.

9/30/08

NU BOPs. Test BOPs. Test TIW valve. Dart valve. Upper & Lower Kelly valves. Test 250 psi low & 5000 psi High. Tested okay. Test 5 min/low & 10min/high. NU rotating head. Call for welder to adjust flow line. Waiting on 4 ½" pipe rams & hoses for HCR valve on drilling spool.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

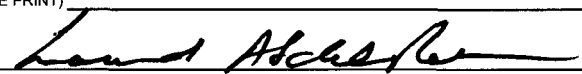
FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU - 78023
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Moon Canyon
2. NAME OF OPERATOR: Royale Energy, Inc.		8. WELL NAME and NUMBER: V Canyon 20-2
3. ADDRESS OF OPERATOR: 7676 Hazard Center Drive S CITY San Diego STATE CA ZIP 92108		9. API NUMBER: 047-40349
4. LOCATION OF WELL FOOTAGES AT SURFACE: 560' FNL, 560' FWL		10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 20 15S 21E		COUNTY: Unitah
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
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<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
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<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/21/2008	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Drilling History
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	Completed

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please see attached history from 10-1-08 thru 11-21-08.

NAME (PLEASE PRINT) Mohamed Abdel Rahman	TITLE VP of Exploratoion
SIGNATURE 	DATE 11/24/08

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and dir equipment. TIH w/bit. Lady down 3 jts HWDP. PU jars, PU 4 jts DP. Ran Smith BHA for optimum BHA.

10/11/08

TIH. Install rotating rubber. W & R 90' to bottom. No fill. Drilling 6645-7001'.

10/12/08

Slide drill from 7001-7033'. C&C hole pump LCM sweet & pill. TOO H. Check directional tools. TIH open ended leave BHA out, pick up 4 jts dp. Pick up Kelly & brake circ @ 3000'. TIH. C&C hole to plug back, set Kelly back to cmt. Need good cmt plug from 6833-7033'. RU & CMT from 7033-6533'. Test lines 1500psi.

10/13/08

TOOH. Circ bottoms up to clear cmt from pipe. TOO H. WOC build volume cleans shale pit & sand trap. Fire up boiler & hook up heaters. Change out BHA. Pick up bit. LD mud motor and gap sub. TIH to 2100'. Circ & condition mud, build volume. TIH to 4100'. C&C mud, mud is high enough vis that it won't run through vis funnel in sports.

10/14/08

C&C hole. TIH, LD 18 jts to allow for cement. Drilling cement, soft tag @ 6815'. WOC. Service rig. C&C mud & WOC. Reaming from 6815-7033'. Ran out of cement at 6825' washed to bottom. TOO H check cement and recalculated cement plug location. Lay down BHA. TIH to re-cement dog leg.

10/15/08

C&C mud. CMT hole back to 6735' with 110sks, 18.2bbls, 17.5# cmt, .93 yield, 3.38 gal/sk, premium cmt. Pumped 28bbls water ahead, 18.2bbls cmt, displace w/10 bbls water, 85.8bbls mud. Top cmt 6735'. Top of spacer 6034'. Balanced plug. Pulled 15 stds out. Kelly up & cir pipe & hole to clear cmt from pipe 5600'. C&C hole. TIH open ended & tag cmt @ 6662'. TOO H. WOC. TIH tag cmt @ 6665'. Not hard enough to drlg for face off.

10/16/08

C&C mud circ @ 6714'. Drilling cmt from 6717-6743'. Drilled from 6743-6858'. C&C hole pump LCM sweep pump slug. TOO H to pick up dir tools. BU bit, new mud motor set @ 2.9 .17 & gap sub. TIH to 6813'. C&C mud, hole tight, over pull 75K set jars off 2 times, could not rotate. W&R to 6858'. Drlg from 6858-6863'. Time drilling will be used to drill out to cmt and start new hole. Time drilling plan calls for three 5' sections of hole to be drilled. First will be 1" every 5min for 5'. Second will be 1" every 4min for 5'. Third will be 1" every 2 min for 5'. Returns from drilling will reflect hole moving out of cmt into new hole.

10/17/08

Drill from 6862-6866'. Drilling and Sliding from 6866-7066'.

10/18/08

Drilling & Sliding from 7066-7322'.

10/19/08

Drilling & Sliding from 7322-7639'.

10/20/08

Drilling & Sliding from 7639-7990'.

10/21/08

Drilling & Sliding from 7990-8277'. C&C hole pump 20 bbl LCM pill. Pump pill & blow down Kelly. TOO. Lay down 1 jt. Fill hole every 5 stds @ 3.064 bbls/std for a total of 53 bbls. MWD tools not working. C/O bit, work on MWD tools.

10/22/08

W/O MWD tools. TIH. Install rotating head. TIH. Pick up Kelly & brake circ, lost 46 bbls breaking circ. TIH. Pick up Kelly & brake circ, lost 46 bbls breaking circ. TIH. Pick up Kelly & brake circ W/R 70' to bottom, 17' fill, lost 53 bbls breaking circ. Drilling from 8277-8501'.

10/23/08

Drill from 8501-8946'.

10/24/08

Drill from 8946-9366'.

10/25/08

Drill from 9387-9910'.

10/26/08

Drilling from 9910-10172'.

10/27/08

Drill from 10172 to 10240'. C&C mud from short trip. Pump LCM sweep to surface. TOO. 5 stands & TIH. Service rig. C&C trip out from bit, pump slug & set Kelly back. TOO. Lay down mud motor; bit 1/16" out of gauge outer broken teeth. BOP test. Test TIW valve dart valve, pipe rams inside manual valves, pipe rams out side manual valves & HCR valve pipe rams; choke line, upright gauge valve, kill line, check valve inside manifold valves. Checking blind rams pumped 5000psi and stuck plug.

10/28/08

Test BOPs. Try to get stuck test plug out of csg head. Pulled 100k, not moving. Pulled 200k not moving. Waiting on tools. Pick up intensifier, 6" collar, jars, 1 jt DP. Jar on test plug, starting at 30k and working up to 60k.

10/29/08

Jarring on test plug. Working from 60k to 175k with jars. Heated up wellhead. Jarred 175k still not coming. Lay down jars. Pick up 10 1/8" overshot concave mill. Put on end of Kelly and mill on test plug. Test plug is 10 1/8" OD. Mill approx 3". Put 2 nipples in

bottom 2 csg valves and put steel bar through so if cut clear though test plug would not fall down hole. Received 9 5/8" retrievable packer on location. 64 strokes and 0 psi while milling. Mill on end of Kelly no other pipe.

10/30/08

Milling on test plug. Mill 3 1/4" of 6 3/4" plug. Lay down mill tools and pick up jars. Jar on test plug, starting at 50k end at 100k, test plug out. Pick up packer assembly and run 2 stands pipe (183') with packer in hole. Try to set packer. Won't set TOO. No packer. TIH with same tools to retrieve packer, tag packer @ 2 stands + 15' of next jt. J hook on but could not set packer. TOO. Packer not working properly lay down tools. Ordered retrievable plug from Baker.

10/31/08

Pick up tools. TIH set plug @ 85'. ND BOPs. Remove old wellhead and install new wellhead @ ground level. NU BOPs. Test BOPs. Test pipe rams, inside valves, HCR valve, outside kill line valve, choke line, inside manifold valves, blind rams, choke line and manifold 250psi low for 5 min and 500psi high for 10 min. Test hydrill annular 250 low for 5 min and 2500 high for 10 min. TIH with retrievable plug to 2065' and set plug and test csg. First test leaking by plug @ 700psi. Move plug down hole 10' and reset. Test csg to 700psi, leaking by packer, call test goo, held 700psi for 10 min without dropping psi. TOO with retrievable plug. Lay down retrievable plug. Pick up bottom hole assembly.

11/1/08

Dir work tool orientation. TIH to 2080'. Lay down 9 jts. Bottoms up no gas. Line up BOPs install rotating head. PU Kelly and circ and cond mud. Set Kelly back and TIH to 3907', bottoms up no gas. PU Kelly and circ and cond mud. Mud wt 9.4# in, Vis 58, mud out 9.4# Vis 100. Set Kelly back and TIH to 6582', bottoms up 242 units trip gas, 8 3/4" hole @ 7197'. PU Kelly and circ and cond mud, mud in 9.#, vis 78, out wt 9.4 vis 100 and above. Set Kelly back and TIH to 8295'. No drag or bridges, bottoms up gas 6775 units. PU Kelly and circ and cond mud, mud wt in 9.4 vis 51 out 8.2# vis 150. Set Kelly back and TIH to 9989'. No drag, small bridge @ 9104', bottoms up gas 6965 units. Wash and ream from 9989-10240'. Over pull 160k to W & R first 2 jts, 80 k next 7 jts.

11/2/08

Drill from 10246-10420'.

11/3/08

Drill from 10420-10494'.

11/4/08

Drill from 10494-10601'.

11/5/08

Drill from 10601-10653'. C & C mud for trip. TOO, Lay 9 jts pipe down using Kelly pulling max wt 350k. C & C pump BHPS sweep (slick), pump bar pill, blow Kelly down and set back. TOO, pulling 350k first few stds, max wt. LD 14 jts wt pipe. Dir work and bit change.

11/6/08

Dir work: tool orientation. TIH 3000'. Cut drilling line. TIH 6600'. C & C hole. TIH PU 14 jts pipe. W & R 90' lacked 15 to bottom. Pop off blew, p/u, replace nail, pressured up can't pump. TOO H, using mud box, pumping mud out of cellar to shaker. Mud motor had come unwound within its self. Wait on mud motor.

11/7/08

Wait on mud motor. Pick up tools. Tool Orientation. TIH with BHA. Nabors restricted Max wt pull to 300k on drlg pipe, was give 350k. Over-pull reached 146k over string wt. Cannot stay under max wt and TD well. TIH to 6679'. Waiting on 4" FH 14# S135 drlg pipe.

11/8/08

C & C, waiting on 4. LD/DP. No movement on rig. LD/DP. No movement on rig. PU Kelly and circ. LD/DP without lay down unit, sorting pipe, G105, X-95. RU/LD unit. LD/DP with lay down unit.

11/9/08

LD/DP with lay down unit. Dir work: Tool Orientation. ND, Change 4 1/2" rams to 4" rams. BOP test, pipe rams, dart valve and TWI valve, 250 psi 5 min low 5000 psi 10 min high. PU 4" DP W/LD unit. C & C @ 4100'. PU 4" DP W/LD unit. C & C @ 5900'. PU 4" DP W/LD unit.

11/10/08

PU/4" DP W/LD unit, 7092-10104', C & C hole, tally pipe. RD LD unit. W & R from 10104-10654'. Circulate hole with pump missing, 2000psi to 800psi, working on pump #2. Drilling from 10654-10794'.

11/11/08

Drill from 10794-10857'. Sliding from 10857-10868'. Drill from 10868-10888'. Sliding from 10888-10898'. Drill from 10898-10920'. Sliding from 10920-10934'. Drill from 10934-10951'. Sliding from 10951-10968'. Drill from 10968-11024'.

11/12/08

C & C hole for trip. LD 3 jts pipe with Kelly. Pump slug. TOO H. LD 6 jts. Could not hold angle. Weak signal on MWD tools. Pull rotating head. TOO H BHA. Wait on dir tools. Dir work. Change out CLT system from mud pulse system. Change out tools. TIH BHA.

11/13/08

Dir Work: Test MWD tools. TIH to 3500'. Brake circ, C & C hole. TIH to 6353'. Brake circ, C & C hole. TIH to 9179'. Brake circ, C & C hole. TIH to 10784' hitting 1 bridge @ 10200'. Work bridge 3 times until nothing felt. Pu 6 singles, nothing to 10906'. W & R to bottom 30' fill, correct depth BHA change. Drilling from 11024 – 11174'. Rotating and Sliding.

11/14/08

Drill from 11174-11254'. Rig Service. Drill from 11254-11360'.

11/15/08

Drill from 11360-11413'. Rig Service. Drill from 11413-11493' TD. TOOH, set Kelly back, no pill, TOOH, mud motor pressured up while tagging bottom and killed engine to pump. Over PSI with circ. Kelly up. Blow Kelly down. TOOH.

11/16/08

TOOH. LD dir tools and release. Cones not on bit wore to center shank on all 3 shanks. PU BHA. TIH to 3100'. Brake circ. TIH to 6100'. Brake circ. TIH to 9000'. Brake circ. W & R to bottom. Set on bottom w/o rotating. C & C hole for logs. Pump Hi Vis sweep to clean hole, pump graphite newcarb sweep. Set 120 bbl N-100 pill @ 9500-8100'. Set Kelly back and TOOH for logs.

11/17/08

TOOH for logs. Fill hole every 5 stds. LD BHA 1-6" DC, 2 jts Hev with pipe. RU WL loggers. RD WL loggers, cut cable. RU WL loggers and run OH logs.

11/18/08

Wireline open hole logs, would not go passed 5727'. TIH to 3074'. Brake circ and cir bottoms up. TIH to 6114'. Brake circ and cir bottoms up. TIH to 9142'. Brake circ and cir bottoms up. TIH to 11360'. W & R to bottom, no fill. Circ and cond hole to run pipe. LD 4" DP.

11/19/08

LD/4" DP. RU Kelly. Brake Kelly. RI 4 stds 4" DP out of dk and LD. P/wear bushing. Pull 4" pipe rams, install 4 1/2" pipe rams. RU run 4 1/2" csg. Swedge up to csg and brake circ.

11/20/08

C & C hole to CMT 4 1/2" csg. Tag bottom with 4 1/2" csg, 278 jts 11,427.95', plus 1st marker jt @ 10,975', 2nd marker @ 10,123', 3rd marker @ 8,034'. 1st DV tool @ 8,952', 2nd DV tool @ 6,033'. Total footage 11,478.02 used 40 centralizers, left 2 jts out. Total jts 280 + 4 markers. Used 1 marker jts for landing jt, 11,478' csg GL, 16' off bottom of hole, hole depth 13' diff from csg depth. C & C hole, RD LD unit. RU cmt crew. CMT 1 stage from 11,494' to 8,952'. 15.6 slurry wt PPG, 1.5 slurry yield ft 3, 6.4 gal/sk. 500 sks 35% silica sand, 1/4 #/sk flocele, .5% CFL-175, .5% CDI-133, .4% CR-180. C & C hole with waiting on cmt. CMT 2 stage from 8,952 to 6033'. 14.2 slurry wt PPG, 1.26 slurry yield ft 3, 5.75 gal/sk. 700 sks 50/50 poz, 2 % gel, 10% salt, 1/4 #/sk flocele, .2% CFL-175, .2% CDI-33, .2% CR-80. C & C hole while waiting on cmt. CMT 3 stage from 6033 to 2123'. 13.1 slurry wt PPG, 1.69 slurry yield ft 3, 8.8 gal/sk. 950 sks 65/35/6, 10% salt, 1/4 #/sk flocele, .2% CFL-175, .2% CDI-33. RD cementers.

11/21/08

Release Rig

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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2. NAME OF OPERATOR: Royale Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
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QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 20 15S 21E		9. API NUMBER: 43-047-40349
COUNTY: Unitah		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 12/1/2008	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
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	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Completion History
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	Incomplete

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please see attached history from 12-1-08 to 12-17-08

V Canyon 20-2 is in the process of completion. Royale has stopped operations due to the need of further evaluation of the well. Also the weather has not permitted further operations for this current year. Royale plans on proceeding with operations in Spring of 2009.

NAME (PLEASE PRINT) Mohamed Abdel Rahman TITLE VP of Exploratoion
SIGNATURE [Signature] DATE 12/24/08

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COPY SENT TO OPERATOR

Date: 1-8-2009

Initials: KS

Accepted by the
Utah Division of
Oil, Gas and Mining
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DEC 29 2008

DIV. OF OIL, GAS & MINING

V Canyon 20-2 – Completion Summary

12/1/08

MO Stone Rig #7. Rig up. Fill cellar NU BOP. Spot load of tbg, pump tank. Haul 3%. Move and spot fuel tanks. Prep to pick up bit and tbg.

12/2/08

Well dead. Rig up floor and tbg equipment. PU 3 7/8" nit and bit sub. Start picking up tbg in singles, tallying. Tag cement @ 6005'. Drill to DV tool @ 6033'. Drill same. Clean up string. Test csg to 4500 psi. Okay. Drain up.

12/3/08

Tally and pick up tbg. Tag cement @ 8880'. Drill stringers and cement to DV tool @ 8952'. Test to 4500 psi. Okay. RIH with tbg to 9450' Tag.

12/4/08

Work bit through tight spot Tag @ 11322'. Try to drill. Very hard. Torque over 2400 psi. Quit drilling. Call PBTD 11322'. POOH with bit and tbg. Make up bit on 4 1/2" scraper and RIH to 11312'.

12/5/08

Circulate hole clean and load hole with 3% KCL. TOO H with 2 3/8" tbg, bit and scraper. Baker Atlas on location, RU and RIH with Gamma Ray and Gas View tools. Logged from TD to 9883' with Gas View log. Also logged from 6100-3700'. Finished logging Gas View. PU CBL tools and started in hole. Finished logging CBL log, rig down and move off loggers.

12/6/07

TIH with 2 3/8" tbg to 3000'. Rigged up to swab. Swabbed FL down to 1700'. RD swab equipment. TOO H with 2 3/8" tbg.

12/7/08

Prepare for perforations.

12/8/08

RU Cased hole Solutions. **Perforate 10980-10984', 10998-11003', 11010-11018', 11284-11287' 4 SPF premium charges.** No blow. No change in fluid level. Rig down perforators. RIH with prod string. Lay down excess tbg. EOT 10,916.89. RD tbg equip, RD BOP NU tree. Break down with rig pump broke @ 3300 1.5 bpm @ 3200. ISIP 3000 5 min, 2100 10 min, 1800 15min 1700. Bleed off drain pump and lines. LTR 165 bbl.

12/9/08

Blew tbg down. IFL surface FFL 8000'. Recover 112 bbl in 24 runs. No gas. Tbg very rough tearing with cups. LTR 53 bbl.

12/10/08

IFL 8000 FFL 10800. Tbg very rough, no gas all day. LTR 12.6. Tag bottom with sinker bar 11316 WLM.

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12/11/08

IFL 10800', rig up superior well service. Load hole. Zone broke @ 4.2 bpm and 3800 pdsi injection rate 7.5 bpm @ 4228 psi. Put 20 bbl in formation. ISIP 3037 5 min 2293, 10 min 2003, 15 min 1777 LTR 174 bbl. Previous LTR 12.4 bbl LTR 186.4. Bleed off pressure. IFL surface. 13 runs recover 113.4 bbl. No gas.

12/12/08

SITP 5 psi SICP 32 psi. Bleed well off. Start swabbing. IFL 8600 FFL 10000. Recover 18.9 bbl LTR 53.7. Nipple down tree, Nipple up BOP. POOH 110 stands (7000'). SD until Monday.

12/15/08

Bleed well off. TOOH. Rig up Cased Hole Solutions. Perforate from 11158-11178' 4 SPF, with 3 1/8 gun, 27 gram charge, .37 hole. Estimated FL at 10000'. No increase in pressure after shooting the perforations. Waited one hour pressure increased by 3 psi. Waited 2 hours pressure increased by 13 psi. Released Cased Hole Solutions. Started TIH with 2 3/8" tubing.

12/16/08

Finish TIH with 2 3/8" tubing. Unable to start TOOH laying down tubing. WO floats. Float slid off the road due to ice and snow. Float on location and started TOOH. Laying down tubing on float. Will finish TOOH in the morning. Will leave 1500' kill string in the hole.

12/17/08

Well dead. Finish laying down tbg. Land kill string @ 1530'. Nipple down BOP and nipple up tree. Rig down.

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COPY FORM 9

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STATE: UTAH		

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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please see attached history from 10-1-08 thru 11-21-08. already rec. reports. RM

NAME (PLEASE PRINT) Mohamed Abdel Rahman

TITLE VP of Exploratoion

SIGNATURE

Mohamed Abdel Rahman

DATE

11/24/08

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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

V Canyon 20-2, we have suspend all operations at this time. The well is currently shut in.

NAME (PLEASE PRINT) <u>Rachele Wolchko</u>	TITLE <u>Executive Assistant</u>
SIGNATURE <u>Rachele Wolchko</u>	DATE <u>11-25-09</u>

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DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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V Canyon 20-2, we have suspend all operations at this time. The well is currently shut in.

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DEC 24 2009

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Rachele Wolchko	TITLE Executive Assistant
SIGNATURE <i>Rachele Wolchko</i>	DATE 12/22/09

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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V Canyon 20-2, we have suspend all operations at this time. The well is currently shut in.

RECEIVED
JAN 28 2010
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Rachele Wolchko	TITLE Executive Assistant
SIGNATURE <i>Rachele Wolchko</i>	DATE 1-25-2010

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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V Canyon 20-2, we have suspend all operations at this time. The well is currently shut in.

NAME (PLEASE PRINT) Rachele Wolchko	TITLE Executive Assistant
SIGNATURE <i>Rachele Wolchko</i>	DATE 2-24-10

(This space for State use only)

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MAR 01 2010

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER _____

b. TYPE OF WORK: NEW WELL ☐ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER _____

2. NAME OF OPERATOR: **Royale Energy, Inc.**

3. ADDRESS OF OPERATOR: **7676 Hazard Cntr Dr 150** CITY **San Diego** STATE **CA** ZIP **92108** PHONE NUMBER: **(619) 881-2800**

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **510' FNL, 2187' FWL**
AT TOP PRODUCING INTERVAL REPORTED BELOW: **579 FNL, 683 FWL**
AT TOTAL DEPTH: **581' FNL, 687' FWL**

7. UNIT OR CA AGREEMENT NAME: **Moon Canyon**

8. WELL NAME AND NUMBER: **V Canyon 20-2**

9. API NUMBER: **4304740349**

10. FIELD AND POOL, OR WILDCAT: **Wildcat**

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWNW 20 15S 21E**

12. COUNTY: **Uintah** 13. STATE: **UTAH**

14. DATE SPUDDED: _____ 15. DATE T.D. REACHED: _____ 16. DATE COMPLETED: **12/8/2008** ABANDONED ☐ READY TO PRODUCE ☒

17. ELEVATIONS (DF, RKB, RT, GL): **15' KB, 7244' GL**

18. TOTAL DEPTH: MD **11,493** TVD **11,260** 19. PLUG BACK T.D.: MD **11,322** TVD **11,089** 20. IF MULTIPLE COMPLETIONS, HOW MANY? * **NA**

21. DEPTH BRIDGE MD PLUG SET: TVD _____

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
Baker Gasview Saturation Analysis 98700' to 11300'
Cmt bond log 1620' to 11313'

23. WAS WELL CORED? NO ☒ YES ☐ (Submit analysis)
WAS DST RUN? NO ☒ YES ☐ (Submit report)
DIRECTIONAL SURVEY? NO ☐ YES ☒ (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
Drive	16	-	0	60				Surface	
12 1/4	9 5/3 5-55	36	0	2,121		G 208		Surface	
8 3/4 , 7 7/8	4 1/2 P-11	11.6	0	11,478		G 2,160		1660'	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8	1,530							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) Entrada	10,980	11,287			10,980 84	.37	16	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B)					10,998 11,003	.37	20	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(C)					11,010 18	.37	32	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(D)					11,284 87	.37	12	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

- ☒ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☒ DIRECTIONAL SURVEY
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER: _____

30. WELL STATUS:

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31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
				Wingate	
				Entrada	10.954
				Morrison	10.094
				Duckhorn	10.015
				Cedar Mountain	9.850
				Dakota Silt	9.782

35. ADDITIONAL REMARKS (Include plugging procedure)

Well is presently shut-in awaiting additional testing.

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Mohamed Abdel-Rahman

TITLE VP of Exploration & Production

SIGNATURE

DATE

5/26/2010

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940



Survey Report

Company: Royale Energy
 Project: V Canyon 20-2
 Site: V Canyon 20-2
 Well: Plan
 Wellbore: Plan
 Design: SUR

Local Co-ordinate Reference: Well Plan
 TVD Reference: WELL @ 7244.0ft (Original Well Elev)
 MD Reference: WELL @ 7244.0ft (Original Well Elev)
 North Reference: True
 Survey Calculation Method: Minimum Curvature
 Database: EDM 2003.21 Single User Db

Project	V Canyon 20-2		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	Utah Central Zone		

Site		V Canyon 20-2	
Site Position:		Northing:	
From:	Lat/Long	Easting:	
Position Uncertainty:	0.0 ft	Slot Radius:	
		Grid Convergence:	1.00

Well	Plan				
Well Position	+N/-S	0.0 ft	Northing:	2,131,758.12 m	Latitude: 39° 30' 15.732 N
	+E/-W	0.0 ft	Easting:	664,127.73 m	Longitude: 109° 35' 29.076 W
Position Uncertainty		0.0 ft	Wellhead Elevation:	ft	Ground Level: 0.0 ft

Wellbore	Plan				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	09/29/2008	11.37	65.52	52,322

Design	SUR			
Audit Notes:				
Version:	Phase:	PROTOTYPE	Tie On Depth:	0.0
Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.0	0.0	0.0	267.28

Survey Tool Program		Date	11/15/2008		
From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description	
0.0	11,231.0	SUR (Plan)			

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	Subsea Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.0	0.00	0.00	0.0	-7,244.0	0.0	0.0	0.0	0.00	0.00	0.00
2,000.0	0.00	0.00	2,000.0	-5,244.0	0.0	0.0	0.0	0.00	0.00	0.00
2,164.0	0.70	202.80	2,164.0	-5,080.0	-0.9	-0.4	0.4	0.43	0.43	0.00
2,260.0	1.40	86.10	2,260.0	-4,984.0	-1.4	0.6	-0.5	1.90	0.73	-121.56
2,356.0	3.70	59.20	2,356.0	-4,888.1	0.3	4.4	-4.4	2.64	2.40	-28.02
2,452.0	6.30	65.50	2,451.5	-4,792.5	4.1	11.8	-12.0	2.76	2.71	6.56
2,548.0	7.60	55.10	2,546.8	-4,697.2	9.9	21.8	-22.3	1.88	1.35	-10.83
2,642.0	8.00	41.00	2,639.9	-4,604.1	18.4	31.2	-32.1	2.07	0.43	-15.00
2,738.0	6.20	34.70	2,735.2	-4,508.8	27.7	38.6	-39.8	2.04	-1.88	-8.56
2,834.0	5.10	49.00	2,830.7	-4,413.3	34.7	44.7	-46.3	1.85	-1.15	14.90



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North Reference: True
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.21 Single User Db

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	Subsea Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
2,930.0	5.50	34.60	2,926.3	-4,317.7	41.3	50.6	-52.5	1.44	0.42	-15.00
3,025.0	5.40	21.40	3,020.9	-4,223.1	49.2	54.8	-57.1	1.32	-0.11	-13.89
3,121.0	3.90	7.60	3,116.6	-4,127.4	56.7	56.9	-59.5	1.94	-1.56	-14.38
3,217.0	4.20	352.10	3,212.4	-4,031.6	63.4	56.8	-59.8	1.18	0.31	-16.15
3,313.0	5.00	331.10	3,308.1	-3,935.9	70.5	54.3	-57.6	1.93	0.83	-21.88
3,409.0	5.60	311.60	3,403.7	-3,840.3	77.3	48.8	-52.4	1.97	0.63	-20.31
3,505.0	7.10	296.80	3,499.1	-3,744.9	83.1	40.0	-43.9	2.30	1.56	-15.42
3,602.0	8.10	286.20	3,595.2	-3,648.8	87.7	28.1	-32.2	1.77	1.03	-10.93
3,698.0	9.50	276.20	3,690.1	-3,553.9	90.4	13.7	-18.0	2.16	1.46	-10.42
3,792.0	13.10	269.80	3,782.3	-3,461.7	91.2	-4.7	0.3	4.05	3.83	-6.81
3,889.0	14.30	271.70	3,876.5	-3,367.5	91.6	-27.6	23.3	1.32	1.24	1.96
3,985.0	16.10	268.30	3,969.1	-3,274.9	91.5	-52.8	48.4	2.09	1.88	-3.54
4,080.0	18.60	266.60	4,059.8	-3,184.2	90.2	-81.1	76.7	2.68	2.63	-1.79
4,176.0	18.90	261.80	4,150.7	-3,093.3	87.1	-111.8	107.5	1.64	0.31	-5.00
4,272.0	18.90	259.40	4,241.5	-3,002.5	82.0	-142.4	138.4	0.81	0.00	-2.50
4,368.0	17.70	258.60	4,332.7	-2,911.3	76.3	-172.0	168.2	1.28	-1.25	-0.83
4,463.0	17.30	268.30	4,423.3	-2,820.7	73.0	-200.3	196.6	3.10	-0.42	10.21
4,558.0	17.90	263.60	4,513.9	-2,730.1	71.0	-228.9	225.3	1.62	0.63	-4.95
4,654.0	17.60	262.30	4,605.3	-2,638.7	67.4	-258.0	254.5	0.52	-0.31	-1.35
4,750.0	17.20	262.70	4,696.9	-2,547.1	63.6	-286.4	283.1	0.43	-0.42	0.42
4,846.0	15.90	264.50	4,788.9	-2,455.1	60.6	-313.6	310.4	1.46	-1.35	1.88
4,941.0	16.20	262.70	4,880.2	-2,363.8	57.6	-339.7	336.6	0.61	0.32	-1.89
5,037.0	16.90	262.00	4,972.2	-2,271.8	54.0	-366.8	363.8	0.76	0.73	-0.73
5,133.0	18.30	261.30	5,063.8	-2,180.2	49.8	-395.5	392.7	1.47	1.46	-0.73
5,229.0	16.90	260.50	5,155.3	-2,088.7	45.2	-424.2	421.6	1.48	-1.46	-0.83
5,324.0	17.70	259.80	5,246.0	-1,998.0	40.3	-452.0	449.6	0.87	0.84	-0.74
5,420.0	15.80	260.20	5,337.9	-1,906.1	35.5	-479.3	477.0	1.98	-1.98	0.42
5,516.0	17.30	259.10	5,429.9	-1,814.1	30.6	-506.2	504.1	1.60	1.56	-1.15
5,612.0	16.70	259.00	5,521.7	-1,722.3	25.3	-533.7	531.9	0.63	-0.63	-0.10
5,708.0	16.00	258.60	5,613.8	-1,630.2	20.0	-560.2	558.6	0.74	-0.73	-0.42
5,804.0	14.70	255.60	5,706.4	-1,537.6	14.4	-585.0	583.7	1.59	-1.35	-3.13
5,899.0	14.90	259.70	5,798.3	-1,445.7	9.2	-608.7	607.6	1.12	0.21	4.32
5,995.0	16.00	259.80	5,890.8	-1,353.2	4.7	-633.9	632.9	1.15	1.15	0.10
6,091.0	17.20	262.90	5,982.8	-1,261.2	0.6	-661.0	660.2	1.55	1.25	3.23
6,186.0	17.30	264.80	6,073.5	-1,170.5	-2.5	-689.0	688.3	0.60	0.11	2.00
6,282.0	17.70	265.50	6,165.1	-1,078.9	-4.9	-717.7	717.2	0.47	0.42	0.73
6,378.0	17.10	264.70	6,256.7	-987.3	-7.3	-746.3	745.8	0.67	-0.63	-0.83
6,474.0	17.20	267.10	6,348.4	-895.6	-9.4	-774.6	774.1	0.74	0.10	2.50
6,570.0	16.40	267.20	6,440.3	-803.7	-10.7	-802.3	801.9	0.83	-0.83	0.10
6,668.0	17.00	265.50	6,534.2	-709.8	-12.5	-830.4	830.0	0.79	0.61	-1.73
6,763.0	16.90	262.30	6,625.0	-619.0	-15.5	-857.9	857.7	0.99	-0.11	-3.37
6,891.0	20.30	268.10	6,746.4	-497.6	-18.7	-898.6	898.4	3.02	2.66	4.53
6,987.0	19.40	268.00	6,836.6	-407.4	-19.8	-931.1	931.0	0.94	-0.94	-0.10



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7,082.0	18.30	265.80	6,926.6	-317.4	-21.5	-961.8	961.7	1.38	-1.16	-2.32
7,178.0	18.40	262.80	7,018.2	-225.8	-24.3	-990.3	990.3	2.21	-1.98	-3.33
7,274.0	18.90	260.90	7,109.7	-134.3	-28.5	-1,019.1	1,019.3	2.66	2.60	-1.77
7,368.0	17.90	262.20	7,198.9	-45.1	-32.9	-1,048.4	1,048.8	1.15	-1.06	1.38
7,464.0	17.10	264.10	7,290.4	46.4	-36.3	-1,077.1	1,077.6	1.02	-0.83	1.98
7,560.0	19.00	261.20	7,381.7	137.7	-40.2	-1,106.5	1,107.2	2.19	1.98	-3.02
7,655.0	17.80	260.00	7,471.8	227.8	-45.1	-1,136.1	1,137.0	1.32	-1.26	-1.26
7,751.0	17.80	259.80	7,563.2	319.2	-50.2	-1,165.0	1,166.1	0.06	0.00	-0.21
7,846.0	17.00	260.50	7,653.9	409.9	-55.1	-1,193.0	1,194.3	0.87	-0.84	0.74
7,942.0	17.60	263.20	7,745.5	501.5	-59.1	-1,221.3	1,222.7	1.04	0.63	2.81
8,037.0	15.40	263.80	7,836.6	592.6	-62.2	-1,248.1	1,249.6	2.32	-2.32	0.63
8,133.0	15.50	267.10	7,929.2	685.2	-64.2	-1,273.5	1,275.2	0.92	0.10	3.44
8,229.0	16.60	266.10	8,021.4	777.4	-65.8	-1,300.0	1,301.7	1.18	1.15	-1.04
8,325.0	16.60	265.30	8,113.4	869.4	-67.8	-1,327.4	1,329.1	0.24	0.00	-0.83
8,421.0	16.10	265.40	8,205.5	961.5	-70.0	-1,354.3	1,356.1	0.52	-0.52	0.10
8,515.0	14.70	263.20	8,296.1	1,052.1	-72.5	-1,379.2	1,381.0	1.61	-1.49	-2.34
8,611.0	14.00	260.60	8,389.2	1,145.2	-75.8	-1,402.7	1,404.7	0.99	-0.73	-2.71
8,707.0	14.60	260.60	8,482.2	1,238.2	-79.7	-1,426.1	1,428.3	0.63	0.63	0.00
8,803.0	11.90	262.90	8,575.6	1,331.6	-82.9	-1,447.9	1,450.2	2.87	-2.81	2.40
8,898.0	9.90	262.50	8,668.9	1,424.9	-85.2	-1,465.7	1,468.1	2.11	-2.11	-0.42
8,994.0	8.50	263.40	8,763.7	1,519.7	-87.1	-1,480.9	1,483.4	1.47	-1.46	0.94
9,088.0	7.50	264.00	8,856.7	1,612.7	-88.5	-1,493.9	1,496.4	1.07	-1.06	0.64
9,180.0	4.00	257.50	8,948.3	1,704.3	-89.8	-1,503.0	1,505.6	3.86	-3.80	-7.07
9,275.0	2.80	266.40	9,043.1	1,799.1	-90.7	-1,508.6	1,511.2	1.38	-1.26	9.37
9,371.0	2.00	284.40	9,139.0	1,895.0	-90.4	-1,512.5	1,515.1	1.14	-0.83	18.75
9,467.0	1.80	316.90	9,235.0	1,991.0	-88.9	-1,515.2	1,517.7	1.13	-0.21	33.85
9,563.0	2.10	358.60	9,330.9	2,086.9	-86.1	-1,516.3	1,518.6	1.47	0.31	43.44
9,658.0	2.20	41.50	9,425.9	2,181.9	-83.0	-1,515.1	1,517.3	1.66	0.11	45.16
9,753.0	2.60	38.40	9,520.8	2,276.8	-79.9	-1,512.6	1,514.6	0.44	0.42	-3.26
9,849.0	4.30	29.90	9,616.6	2,372.6	-75.1	-1,509.4	1,511.3	1.84	1.77	-8.85
9,943.0	5.50	29.60	9,710.2	2,466.2	-68.1	-1,505.4	1,507.0	1.28	1.28	-0.32
10,037.0	2.20	31.70	9,804.0	2,560.0	-62.6	-1,502.2	1,503.5	3.51	-3.51	2.23
10,130.0	1.20	25.20	9,897.0	2,653.0	-60.2	-1,500.9	1,502.1	1.09	-1.08	-6.99
10,222.0	0.90	198.30	9,989.0	2,745.0	-60.1	-1,500.7	1,501.9	2.28	-0.33	188.15
10,318.0	1.40	203.70	10,085.0	2,841.0	-61.8	-1,501.4	1,502.7	0.53	0.52	5.63
10,414.0	1.50	206.40	10,180.9	2,936.9	-64.0	-1,502.5	1,503.8	0.13	0.10	2.81
10,510.0	1.10	186.50	10,276.9	3,032.9	-66.1	-1,503.1	1,504.6	0.62	-0.42	-20.73
10,606.0	0.60	188.80	10,372.9	3,128.9	-67.5	-1,503.3	1,504.8	0.52	-0.52	2.40
10,682.0	0.60	206.40	10,448.9	3,204.9	-68.3	-1,503.5	1,505.1	0.24	0.00	23.16
10,778.0	0.30	209.30	10,544.9	3,300.9	-68.9	-1,503.9	1,505.5	0.31	-0.31	3.02
10,872.0	0.10	242.20	10,638.9	3,394.9	-69.2	-1,504.1	1,505.7	0.24	-0.21	35.00
10,967.0	0.60	15.40	10,733.9	3,489.9	-68.7	-1,504.0	1,505.6	0.71	0.53	140.21



Survey Report

Company: Royale Energy
Project: V Canyon 20-2
Site: V Canyon 20-2
Well: Plan
Wellbore: Plan
Design: SUR

Local Co-ordinate Reference: Well Plan
TVD Reference: WELL @ 7244.0ft (Original Well Elev)
MD Reference: WELL @ 7244.0ft (Original Well Elev)
North Reference: True
Survey Calculation Method: Minimum Curvature
Database: EDM 2003.21 Single User Db

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	Subsea Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
11,041.0	0.70	84.10	10,807.9	3,563.9	-68.3	-1,503.5	1,505.0	1.00	0.14	92.84
11,137.0	1.60	144.60	10,903.9	3,659.9	-69.3	-1,502.1	1,503.7	1.45	0.94	63.02
11,231.0	1.60	136.90	10,997.8	3,753.8	-71.4	-1,500.4	1,502.1	0.23	0.00	-8.19

11/15/2008 8:32:24AM

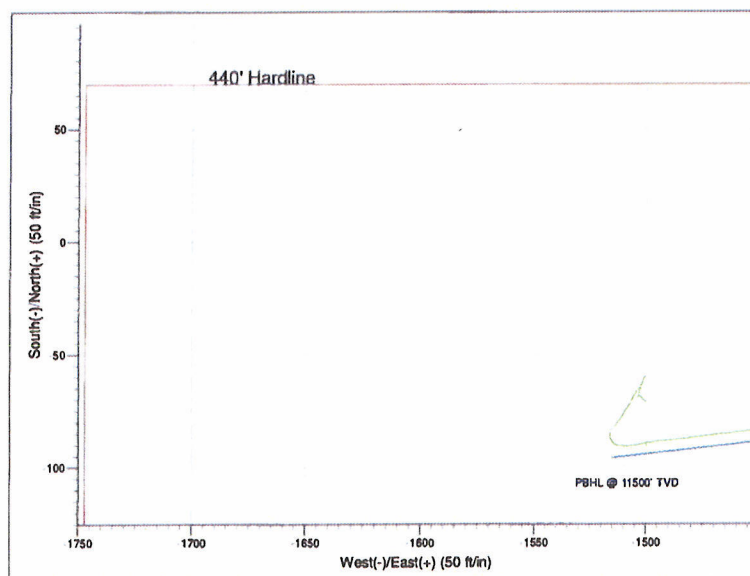
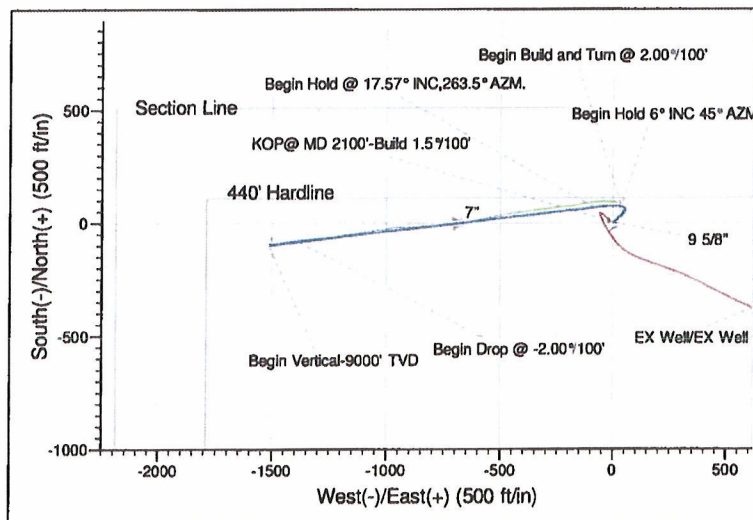
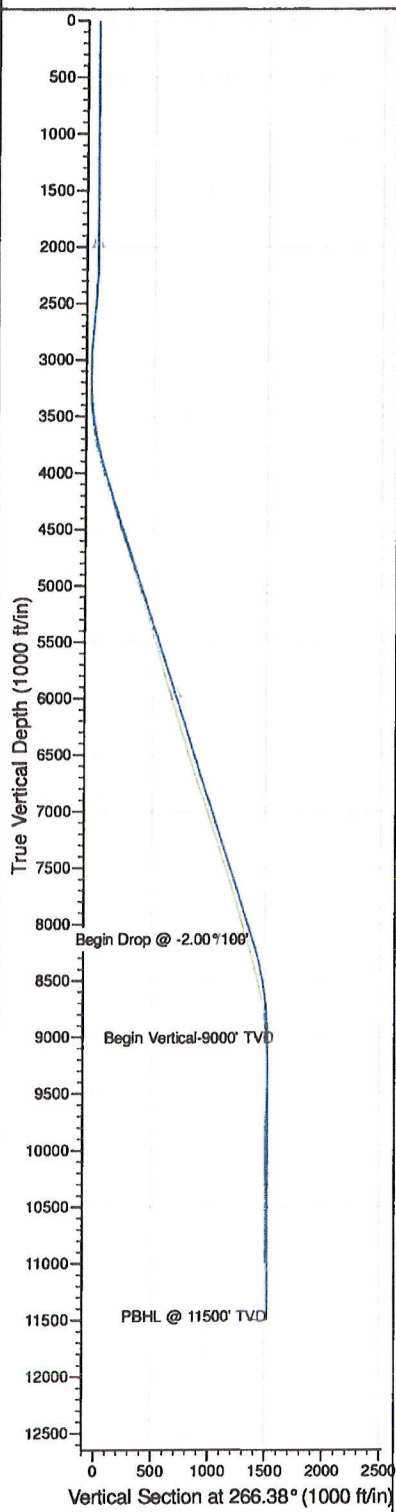
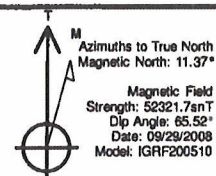
Page 5

COMPASS 2003.21 Build 37

Project: V Canyon 20-2
 Site: V Canyon 20-2
 Well: Plan
 Wellbore: Plan
 Design: Design #1

WELL DETAILS: Plan

Ground Level: 0.0
 +N/-SE/-W 0.0 0.0 Northing 2131758.13 Easting 664127.72 39° 30' 15.732 N Longitude 109° 35' 29.076 W Slat



SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	D/Leg	T/Face	VSec	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	2100.0	0.00	45.00	2100.0	0.0	0.0	0.00	45.00	0.0	
3	2500.0	6.00	45.00	2499.3	14.8	14.8	1.50	45.00	-15.7	
4	2900.0	6.00	45.00	2897.1	44.4	44.4	0.00	0.00	-47.1	
5	4028.2	17.57	263.50	4010.3	67.1	-84.8	2.00	-150.68	80.4	
6	6115.2	17.57	263.50	5999.9	-4.2	-710.8	0.00	0.00	709.6	
7	8355.0	17.57	263.50	8135.3	-60.8	-1362.5	0.00	0.00	1384.9	
8	9233.5	0.00	0.00	9000.0	-95.9	-1515.3	2.00	180.00	1518.4	
9	11733.5	0.00	0.93	11500.0	-95.9	-1515.3	0.00	0.93	1518.4	

CASING DETAILS

TVD	MD	Name	Size
2000.0	2000.0	9 5/8"	9.625
6000.0	6115.2	7"	7.000

ANNOTATIONS

TVD	MD	Annotation
0.0	0.0	Surface tie in
2100.0	2100.0	KOP @ MD 2100'-Build 1.5°/100'
2499.3	2500.0	Begin Hold 6° INC 45° AZM
2897.1	2900.0	Begin Build and Turn @ 2.00°/100'
4010.3	4028.2	Begin Hold @ 17.57° INC, 263.5° AZM.
8135.3	8355.0	Begin Drop @ -2.00°/100'
9000.0	9233.5	Begin Vertical-9000' TVD
11500.0	11733.5	PBHL @ 11500' TVD

Plan: Design #1 (Plan/Plan)

Created By: Bobby Howland Date: 8/33 November 15 2008
 Checked: Date:
 Reviewed: Date:
 Approved: Date:



Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET (for state use only)

ROUTING
 CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

2/1/2013

FROM: (Old Operator): N2465- Royale Energy Inc. 7676 Hazard Center Drive San Diego, CA 92108 Phone: 1 (619) 881-2800	TO: (New Operator): N8060- National Fuel Corporation 8400 East Prentice Ave, Suite 735 Denver, CO.80111 Phone: 1 (303) 996-6774
---	---

CA No.				Unit:		N/A		
WELL NAME	SEC TWN RNG			API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
MOON CYN # 2	9	160S	210E	4301931405	14434	Federal	GW	P
TEN MILE CYN 22-1	22	160S	210E	4301931526	16245	State	GW	P
V CYN 20-1	20	150S	210E	4304738968	16331	Federal	GW	P
V CANYON 20-2	20	150S	210E	4304740349	17117	Federal	GW	S

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 3/13/2013
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 3/13/2013
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 3/29/2013
- 4a. Is the new operator registered in the State of Utah: Business Number: 1260477-0143
- 5a. (R649-9-2) Waste Management Plan has been received on: Yes
- 5b. Inspections of LA PA state/fee well sites complete on: N/A
- 5c. Reports current for Production/Disposition & Sundries on: 3/29/2013
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM Not Yet BIA N/A
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: N/A
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A
- Underground Injection Control ("UIC")** Division has approved UIC Form 5 Transfer of Authority to **Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 3/29/2013
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 3/29/2013
- Bond information entered in RBDMS on: 3/29/2013
- Fee/State wells attached to bond in RBDMS on: 3/29/2013
- Injection Projects to new operator in RBDMS on: N/A
- Receipt of Acceptance of Drilling Procedures for APD/New on: N/A

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000186
- Indian well(s) covered by Bond Number: N/A
- 3a. (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number LPM8756586
- 3b. The **FORMER** operator has requested a release of liability from their bond on: N/A

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

COMMENTS:

National Fuel Corporation-Did not accept
 Moon Cyn 1 4301931398
 Trial Cyn 1-2 and 1-3 will be moved when
 bonds are received

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER _____

2. NAME OF OPERATOR:

Royale Energy, Inc.

N2465

3. ADDRESS OF OPERATOR:

7676 Hazard Center Drive S

CITY San Diego

STATE CA

ZIP 92108

PHONE NUMBER:

(619) 881-2800

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 2/1/2013	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Effective February 1, 2013, National Fuel Corporation (DOGM entity N8060) succeeded Royale Energy, Inc. as operator of all wells on the attached list and is responsible under the terms and conditions of the lease for the operations conducted upon the leased land. National Fuel Corporation is principal to the Statewide Utah Bond #~~LP4021517~~ LPM8756586
BLM: UTB000186

RECEIVED

MAR 13 2013

DIV. OF OIL, GAS & MINING

Diane Thompson
National Fuel Corporation

NATIONAL FUEL CORPORATION
Diane Thompson
President

N8060

NAME (PLEASE PRINT) Stephen Hosmer

TITLE CFO/Co-President/Co-CEO

SIGNATURE

DATE 2/21/2013

(This space for State use only)

APPROVED

MAR 29 2013

DIV. OIL GAS & MINING

(5/2000)

(See Instructions on Reverse Side)

Rachael Medina

SCHEDULE OF PROPERTIES
EFFECTIVE FEBRUARY 1, 2013

API No.	Lease No.	CA No.	Well Name	CA Description	Legal Description	County
4301931398	ML-48391A		Moon Canyon #1		T16S-R21E-Sec 32-NWSW	Grand
4301931405	UTU-52471	UTU-88962	Moon Canyon #2 ✓	SE Sec. 9; T16S-R21E	T16S-R21E-Sec 9-NESE	Grand
4301931526	ML-46542		Ten Mile Canyon #22-1 ✓		T16S-R21E-Sec 22-NESE	Grand
4304738968	UTU-78023		V Canyon 20-1 ✓		T15S-R21E-Sec 20-NENW	Utah
4301931532	ML-47218		Trail Canyon 1-2 ✓		T16S-R21E-Sec 1-SWNE	Grand
4304740349	UTU-78023		V Canyon 20-2 ✓		T15S-R21E-Sec 20-NENW (surface)	Utah
4301931603	ML-47218		Trail Canyon 1-3 ✓		T16S-R21E-Sec 1-SESE	Grand

ROYALE ENERGY, INC.



RECEIVED
MAR 13 2013
DIV. OF OIL, GAS & MINING

February 21, 2013

State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

RE: Operator Change – Royale Energy, Inc. to National Fuel Corporation

Royale Energy, Inc., the operator of wells located in Grand and Uintah Counties requests that the designation operator of all wells to be change to National Fuel Corporation effective February 1, 2013. Enclosed for approval is the Sundry Notice regarding the leases.

National Fuel Corporation is principal to its Surety Bond #LPM4021517; BLM Bond #UTB000186 which previously have been provided to the Salt Lake City office. The Resignation of Unit Operator and Designation of Successor Operator will also be provided accordingly.

Please advise if any additional information or documentation is required.

Sincerely,

Stephen Hosmer
CFO/Co-President/Co-CEO
Royale Energy, Inc.



STATE OF UTAH - PUBLIC AFFAIRS

Fwd: NFC PLAN FOR ML-49381-A (MOON CYN. #1); ROYALE ENERGY, INC. RESIGNATION/DESIGNATION OF NFC AS OPERATOR

1 878/144

Dustin Doucet <dustindoucet@utah.gov>
To: Rachel Medina <rachelmedina@utah.gov>

Thu, Mar 14, 2013 at 3:08 PM

Got your message on National Fuel. Based on the following email from NFC, I didn't think they were transferring the Moon Cyn #1 well. Probably need to check into this as NFC states Royalite is responsible for plugging. Wouldn't think we would change operator on it and would keep bond attached to well at a minimum. Take a look and let me know what you think.

----- Forwarded message -----

From: **Diane Thompson** <dthompson@national-fuel.com>
Date: Fri, Mar 8, 2013 at 2:54 PM
Subject: RE: NFC PLAN FOR ML-49381-A (MOON CYN. #1); ROYALE ENERGY, INC. RESIGNATION/DESIGNATION OF NFC AS OPERATOR
To: lavonnegarrison@utah.gov, Dustin Doucet <DUSTINDOUCET@utah.gov>

Dear LaVonne and Dustin,

This is to inform you that based on our review of the well log described in my message to you dated 8 February (below), NFC has decided **not** to pursue an OBA on the subject lease.

On a related matter, this is to inform DOGM and SITLA that pursuant to a Settlement Agreement reached on NFC's operator removal lawsuit against Royale Energy, Inc., NFC received various documents in which effective February 1, 2013, Royale Energy resigned as Operator of wells in the now-terminated Moon Canyon Unit and designated NFC as Successor Operator. Early next week, NFC will submit these documents to DOGM and BLM for review and approval. We are aware that Royale recently filed a Sundry Notice with DOGM for plugging and abandoning the Moon Canyon #1 ("P&A"). Since Moon Canyon #1 was an Earning Well in which NFC has no interest as described in my e-mail dated 22 January (below), despite Royale's Resignation and Designation of NFC as Successor Operator, **Royale will continue to bear responsibility for P&A and all related activities for this well.**

Please let me know if you have further questions or concerns.

Thank you,

Diane Thompson

From: Diane Thompson
Sent: Friday, February 08, 2013 10:03 AM
To: 'lavonnegarrison@utah.gov'; 'Dustin Doucet'
Subject: RE: NFC PLAN FOR ML-49381-A (MOON CYN. #1)

Dear LaVonne and Dustin,

This is to follow up with you on NFC's January 22 e-mail plan, below, and subsequent discussions with SITLA

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 5

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: _____

LEASE NUMBER: UTU-52471, UTU-78023, ML-46542

RECEIVED

FEB 22 2013

DIV. OF OIL, GAS & MINING

and hereby designates

NAME: National Fuel Coporation

ADDRESS: 8400 East Prentice Avenue, Suite 1100

city Greenwood Village state CO zip 80111

as his (check one) agent ☐ / operator ☒, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

API: 43-019-31405 / Well Name: Moon Canyon 2
API: 43-019-31526 / Well Name: Tenmile Canyon 22-1
API: 43-019-31532 / Well Name: Trail Canyon 1-2
API: 43-019-31603 / Well Name: Trail Canyon 1-3
API: 43-047-38968 / Well Name: V Canyon 20-1
API: 43-047-40349 / Well Name: V Canyon 20-2

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: February 1, 2013

BY: (Name) Stephen Hosmer

(Signature) 

(Title) CFO/Co-President/Co-CEO

(Phone) 619-881-2800

OF: (Company) Royale Energy, Inc.

(Address) 7676 Hazard Center Drive, Suite 1500

city San Diego

state CA zip 92108

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9																														
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-78023																														
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:																														
2. NAME OF OPERATOR: NATIONAL FUEL CORPORATION		7. UNIT or CA AGREEMENT NAME:																														
3. ADDRESS OF OPERATOR: 8400 E Prentice Avenue Suite 735, Greenwood Village, CO, 80111		8. WELL NAME and NUMBER: V CANYON 20-2																														
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0510 FNL 2187 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 20 Township: 15.0S Range: 21.0E Meridian: S		9. API NUMBER: 43047403490000																														
9. FIELD and POOL or WILDCAT: FLAT ROCK		COUNTY: UINTAH																														
STATE: UTAH																																
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA																																
TYPE OF SUBMISSION <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 7/1/2013 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	TYPE OF ACTION <table style="width: 100%;"> <tr> <td><input type="checkbox"/> ACIDIZE</td> <td><input type="checkbox"/> ALTER CASING</td> <td><input type="checkbox"/> CASING REPAIR</td> </tr> <tr> <td><input type="checkbox"/> CHANGE TO PREVIOUS PLANS</td> <td><input type="checkbox"/> CHANGE TUBING</td> <td><input type="checkbox"/> CHANGE WELL NAME</td> </tr> <tr> <td><input type="checkbox"/> CHANGE WELL STATUS</td> <td><input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS</td> <td><input type="checkbox"/> CONVERT WELL TYPE</td> </tr> <tr> <td><input type="checkbox"/> DEEPEN</td> <td><input type="checkbox"/> FRACTURE TREAT</td> <td><input type="checkbox"/> NEW CONSTRUCTION</td> </tr> <tr> <td><input type="checkbox"/> OPERATOR CHANGE</td> <td><input type="checkbox"/> PLUG AND ABANDON</td> <td><input checked="" type="checkbox"/> PLUG BACK</td> </tr> <tr> <td><input type="checkbox"/> PRODUCTION START OR RESUME</td> <td><input type="checkbox"/> RECLAMATION OF WELL SITE</td> <td><input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION</td> </tr> <tr> <td><input type="checkbox"/> REPERFORATE CURRENT FORMATION</td> <td><input type="checkbox"/> SIDETRACK TO REPAIR WELL</td> <td><input type="checkbox"/> TEMPORARY ABANDON</td> </tr> <tr> <td><input type="checkbox"/> TUBING REPAIR</td> <td><input type="checkbox"/> VENT OR FLARE</td> <td><input type="checkbox"/> WATER DISPOSAL</td> </tr> <tr> <td><input type="checkbox"/> WATER SHUTOFF</td> <td><input type="checkbox"/> SI TA STATUS EXTENSION</td> <td><input type="checkbox"/> APD EXTENSION</td> </tr> <tr> <td><input type="checkbox"/> WILDCAT WELL DETERMINATION</td> <td><input type="checkbox"/> OTHER</td> <td>OTHER: <input type="text" value="Test"/></td> </tr> </table>		<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input checked="" type="checkbox"/> PLUG BACK	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input type="text" value="Test"/>
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<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL																														
<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION																														
<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input type="text" value="Test"/>																														
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. This Sundry Notice is being submitted for notification of National Fuel Corporations(NFC) intent to test the upper Entrada interval in the V Canyon #20-2. NFC intends to isolate and test Entrada intervals that show promise to be gas productive based on log analysis. Please see the below procedure submitted for your review and approval. 1. MIRU. 2. Blow down well. ND wellhead. NU BOP. 3. POOH with 48 jts of tbg currently in well. 4. RU wireline. RIH with WLS CIBP and set at 11,070'. Isolating perforations at 11,284 – 11,287, 11,158 – 11,178. RD wireline. 5. RIH with original 48 jts. PU & RIH with an additional 9,470' of new L-80, 2 3/8" tbg to 11,000'. 6. Land tbg. ND BOP. NU wellhead. 7. Swab fluid off of perms at 10,980-10,984', 10,998-11,003', and 11,010-11,018'. Establish flow and test. 8. Release rig. MIRU slickline unit. 9. RIH with pressure bombs to 11,010'. SI well and record BHP buildup(3 – 7 Days). 10. POOH with pressure bombs and RD slickline unit. 11. Analyze pressure data for potential stimulation design.																																
NAME (PLEASE PRINT) Andrew Busch		PHONE NUMBER 970 260-8128																														
SIGNATURE N/A		TITLE VP Operations																														
DATE 5/20/2013																																

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR:		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: CITY STATE ZIP		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER:		8. WELL NAME and NUMBER:
4. LOCATION OF WELL FOOTAGES AT SURFACE:		9. API NUMBER:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		10. FIELD AND POOL, OR WILDCAT:
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON	
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR	
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE	
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL	
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____	
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	_____	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

NAME (PLEASE PRINT) _____ TITLE _____

SIGNATURE _____ DATE _____

(This space for State use only)

INSTRUCTIONS

This form shall be submitted by the operator to show the intention and/or completion of the following:

- miscellaneous work projects and actions for which other specific report forms do not exist;
- all other work and events as identified in section 11, Type of Action, or as required by the Utah Oil and Gas Conservation General Rules, including:
 - minor deepening of an existing well bore,
 - plugging back a well,
 - recompleting to a different producing formation within an existing well bore (intent only),
 - reperfing the current producing formation,
 - drilling a sidetrack to repair a well,
 - reporting monthly the status of each drilling well.

This form is not to be used for proposals to

- drill new wells,
- reenter previously plugged and abandoned wells,
- significantly deepen existing wells below their current bottom-hole depth,
- drill horizontal laterals from an existing well bore,
- drill hydrocarbon exploratory holes such as core samples and stratigraphic tests.

Use Form 3, Application for Permit to Drill (APD) for such proposals.

NOTICE OF INTENT - A notice of intention to do work on a well or to change plans previously approved shall be submitted in duplicate and must be received and approved by the division before the work is commenced. The operator is responsible for receipt of the notice by the division in ample time for proper consideration and action. In cases of emergency, the operator may obtain verbal approval to commence work. Within five days after receiving verbal approval, the operator shall submit a Sundry Notice describing the work and acknowledging the verbal approval.

SUBSEQUENT REPORT - A subsequent report shall be submitted to the division within 30 days of the completion of the outlined work. Specific details of the work performed should be provided, including dates, well depths, placement of plugs, etc.

WELL ABANDONMENT - Proposals to abandon a well and subsequent reports of abandonment should include reasons for the abandonment; data on any former or present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, and method of parting of any casing, liner, or tubing pulled and the depth to top of any left in the hole; method of closing top of well; and date well site conditioned for final inspection looking to approval of the abandonment.

In addition to any Sundry Notice forms submitted, **Form 8, Well Completion or Recompletion Report and Log** must be submitted to the division to report the results of the following operations:

- completing or plugging a new well,
- reentering a previously plugged and abandoned well,
- significantly deepening an existing well bore below the current bottom-hole depth,
- drilling horizontal laterals from an existing well bore,
- drilling hydrocarbon exploratory holes such as core samples and stratigraphic tests,
- recompleting to a different producing formation.

Send to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.
UTU - 78023

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
V Canyon 20-2

9. API Well No.
04304740349

10. Field and Pool or Exploratory Area
Wildcat

11. Country or Parish, State
Utah County, UT

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Royale Energy, Inc

3a. Address
7676 Hazard Center Drive, Suite 1500, San Diego CA 92108

3b. Phone No. (include area code)
619-881-2800

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
560' FNL, 560' FWL of the NWNW Corner of Sec. 20 T15S R 21E

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Operator Change</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleting horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleting in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Effective February 1, 2013, National Fuel Corporation succeeded Royale Energy, Inc. as operator of the well listed above and is responsible under the terms and conditions of the lease and of the operations upon the leased lands. National Fuel Corporation in principal to Statewide Utah Surety Bond #LPM4021517/#UTB000186.

x Diane Thompson
National Fuel Corporation

NATIONAL FUEL CORPORATION
Diane Thompson
President

RECEIVED

JUN 25 2013

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
Stephen Hosmer

Title CFO/Co-President/Co-CEO

Signature

Date 02/21/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Assistant Field Manager
Lands & Mineral Resources

JUN 19 2013

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

VERNAL FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

UDOGM

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-78023
2. NAME OF OPERATOR: National Fuel Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
3. ADDRESS OF OPERATOR: 8400 E Prentice #735 CITY Greenwood Vill STATE Co ZIP 80111		7. UNIT or CA AGREEMENT NAME: NA
PHONE NUMBER: (303) 220-7772		8. WELL NAME and NUMBER: V Canyon #20-2
4. LOCATION OF WELL FOOTAGES AT SURFACE: 510' FNL& 2187' FWL		9. API NUMBER: 4304740349
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 20 15S 21E		10. FIELD AND POOL, OR WILDCAT: V Canyon
		COUNTY: Uintah
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input checked="" type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 10/11/2013	<input type="checkbox"/> CHANGE WELL NAME	<input checked="" type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Test
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

This Subsequent Sundry Notice is being submitted for notification of National Fuel Corporations(NFC) completion of testing the upper Entrada interval in the V Canyon #20-2. NFC will now analyze data from the pressure buildup test to determine if a frac stimulation is warranted. Detailed report attached.

RECEIVED

OCT 29 2013

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>Andrew Busch</u>	TITLE <u>V.P. of Operations</u>
SIGNATURE <u></u>	DATE <u>10/23/2013</u>

(This space for State use only)

**National Fuel Corporation
V Canyon #20-2
Upper Entrada Test**

8/13/13 – Csg – 2400#. Tbg – 2400#. Plumbed wellhead to flowline. Blew down well to 1950# then put on line through VC20-1 production equipment.

8/14/13 – Csg – 75#. Tbg – 75#. Flow rate 0. Well produced 80 mcf since being put on line yesterday. Opened well to production tank.

8/15/13 – Csg and tbg blowing a light vapor. WPI rig arrived on location at 2:30PM. Spotted in and stood rig. Baxter Pass services delivered flow back tank to location. Discovered deadmen on west end of location damaged during interim reclamation and are not usable in current condition. Contacted Western Augor and Anchor to set new deadmen. Deadmen will be set tomorrow afternoon.

8/16/13 – Csg and Tbg blowing a light vapor. ND wellhead. NU BOP. Moved in rig pump and tank. Moved in new tbg string. Western Augor and Anchor set new deadmen on west end of location. Guyed rig to new deadmen. POOH with 1 stand. SDFD 4:30PM.

8/19/13- POOH with 23 stands, F nipple and NC. MIRU Mesa wireline. RIH with 4 ½" gage ring to 11,100'. Fluid level at 9440'. POOH with gage ring. PU & RIH with 4 ½" Owen CIBP. Tied in to short jt at 10,940' to correlate depth. Set CIBP at 11,070'. POOH with setting tool. RD Mesa Wireline. PU & RIH in order with 4 ½" Baker R3 double grip packer, 1 jt, SSN and remaining 47 jts of original string(1522.58'). SDFD 5:00PM.

8/20/13 – 8:00AM Arrived at location. Unable to get sufficient RPM's out of rig motor. Fixed fuel problem then lost clutch on rig. Down for repairs.

8/26/13 – Csg and tbg blowing a light vapor. PU & RIH with 288 jts of new 2 3/8" L-80 tbg to 10,888'. 336 jts total in well. SDFD 5:00PM.

8/27/13 – Csg – Light blow. Tbg – 38#. Blew down tbg. PU tbg swivel. PU & RIH with 1 jt. Set packer at 10,921.36'. 337 jts in well. Shut in tbg. Pumped 40 bbls of 3% KCl water down csg/tbg annulus. Ran flowline from wellhead to flowback tank. Acid tentatively scheduled for 8/30.

9/24/13 – Csg - 0#. Tbg – 1800#. L&L Roustabouts pulled Cudd Energy Services up Hay Canyon hill and through mud on Winter Ridge. Blew down tbg. MIRU Cudd Energy Services. Held safety meeting. Pressure tested lines to 5000#. Start pumping 7 ½% HCl at 3 BPM. Dropping 12 perf balls per 5 bbls pumped. Dropped a total of 80 balls. Caught pressure with 36 bbls pumped. Pressure jumped to 2600# then broke back to 1800#. Bumped rate to 3.5 bpm. Pressure increased to 2400#.

48 bbls pumped - 1st balls on perfs – Pressure jumped to 3600# then broke to 3000#
53 bbls pumped – 2nd balls on perfs – Pressure jumped to 3500# then broke to 3000#
58 bbls pumped – 3rd balls on perfs – Pressure jumped to 3900# then broke to 3200#
63 bbls pumped – 4th balls on perfs – Pressure jumped to 4150# then broke to 3500#
68 bbls pumped – 5th balls on perfs – Pressure jumped to 3900# then broke to 3300#
72 bbls pumped – Remaining balls on perfs – Pressure jumped to 4200# then broke to 3800#.

Finished displacement at 3.5 bpm at 4200#. Pumped a total of 35.7 bbls of acid and displaced to top perf with 43.2 bbls of 3% KCl water. ISIP 2200#. 1 min – 800#. 5 min – 0#. RD Cudd. Release packer. POOH with tbg and packer. Shut in well. SDFD 6:00PM.

9/25/13 – No pressure on well. RIH in order with collar, SSN and 4 stands then shut down due to high winds. Shut in well.

9/26/13 – No pressure on well. RIH with 164 stands. PU & RIH with 3 more jts. Slow trip due to windy conditions. 339 jts total in well. Landed tbg at 10,996.24'. ND BOP. NU wellhead. Shut in well. High winds prevented rigging down safely. Swabbco moved swab rig to location. SDFD 5:30PM.

Tubing Detail

339 jts of 4.7#, 2 3/8", L-80 tbg	- 10,979.64'
SN	- 1.10'
Collar	- .50'
KB	- 15.00'
Total	- 10,996.24

9/27/13 – Csg – 58#. Tbg – 10#. Will start swabbing on Monday the 30th. Rigged down and moved to trail Canyon #1-2 to pull tbg.

9/30/13 – Csg – 100#. Tbg – 120#. RU Swabbco rig. Blew down tbg. 1st swab run fluid level 878' from surface. Made 13 runs total and recovered 72 bbls. Last run fluid level 6228' from surface. Csg – 50#. Tbg – 0#.

10/1/13 – Csg – 200#. Tbg – 0#. Resumed swabbing. 1st run fluid level 5969' from surface. Made 10 runs and recovered 32 bbls. Total recovered = 104 bbls. Total pumped during acid job = 78.9 bbls. Last run fluid level 9063' from surface. Csg – 210#. Tbg – 0#.

10/2/13 – Csg – 280#. Tbg – 20#. Blew down tbg and resumed swabbing. 1st run fluid level 8912' from surface. Made 4 runs and recovered 3 bbls. Total recovered = 107 bbls. Damaged swab line and was unable to swab. RD and moved rig to town. Last run fluid level 9473' from surface. Csg – 280#. Tbg – 0#. Shut in well. Will move another rig to location and swab well down before running pressure bombs.

10/3/13 – Csg – 360#. Tbg – 30#. Blew down tbg and resumed swabbing. 1st run fluid level 9342' from surface. Made 2 runs total and recovered 2 bbls. Tbg continued to blow lightly after last run. Rigged down and released swab rig. MIRU Teftellar Inc. slickline unit. Made gage ring run to SN at 10,996'. POOH with gage ring. PU & RIH with tandem electronic pressure recorders. Hung instruments in SN. RD slickline and shut in well. Csg – 390#. Tbg – 5#. Will pressure bombs in for 1 week.

10/11/13 – Csg – 650#. Tbg – 320#. MIRU Teftellar. RIH with retrieving tool. POOH with tandem pressure bombs. Stopped at determined intervals for gradient readings. RD Teftellar. Left well shut in. Will analyze results for possible frac stimulation.